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Government of India

Finance Department

Budget for 1941-42

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GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

BUDGET FOR 1941-42.

CONTENTS.

PART I.

RAILWAY BUDGET.

	PAGES.
Speech of the Hon'ble the Railway Member introducing the Railway Budget for 1941-42 in the Legislative Assembly on the 19th February 1941	1—9
Budget of the Railway Revenue and Expenditure of the Governor General in Council as presented and adopted—	
1.—Statement of the Revenue of the Central Government from Railways in India and in England	12—13
2.—Statement of the Expenditure on Railways charged to the Revenue of the Central Government in India and in England	14—15
2(*a*).—Contribution from Railway to General Revenues, 1941-42	16
3.—Statement of the Capital Expenditure of the Central Government in India and in England on Railways	17
A.—Railway Depreciation Reserve Fund	18
B.—Railway Reserve Fund	19
Speech by the Hon'ble Mr. L. Wilson, Chief Commissioner of Railways, in presenting the Railway Budget for 1941-42 in the Council of State on the 19th February 1941	20—25
Details of voted and non-voted amounts included in the demands for grants (Railways) for the year 1941-42	26
Explanatory Memorandum on the Railway Budget for 1941-42—	
Summary of results	29—44
Appendix I.—Capital Expenditure	45—55
Appendix II.—Capital and Depreciation Fund expenditure on Open Lines and New Construction during 1941-42	56—57
Appendix III.—Capital at charge of State-owned Railways	58
Appendix IV.—Statement of Receipts and Expenditure, Commercial and Strategic Lines together (excluding Burma Railways)	59

PAGES.

Appendix V-A.—Statement showing Gross Traffic Receipts (excluding worked lines) 60—61

Appendix V-B.—Statement showing Ordinary Working Expenses (excluding worked lines) 62—63

Appendix V-C.—Statement showing total Working Expenses (excluding worked lines) 64—65

Appendix V-D.—Statement showing net receipts (excluding worked lines) 66—67

Appendix V-E.—Statement of Profits and Loss 68—69

Appendix VI.—Statement of Receipts and Expenditure, Commercial and Strategic Lines together (all Railways) 70—75

Appendix VII —Railway Depreciation Reserve Fund 76

Appendix VIII.—Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1941-42 . 77—78

Appendix IX.—Financial results of working of Indian State Railways from 1939-40 to 1941-42 79—107

Appendix X.—Summary of results of working of all State-owned railways 108

Appendix XI.—Estimated Contribution from Railway to General Revenues in 1942-43 109

Appendix XII.—Estimated contribution from Railway to General Revenues in 1943-44 110

PART II

GENERAL BUDGET.

Speech of the Hon'ble the Finance Member introducing the Budget for 1941-42 in the Legislative Assembly on the 28th February 1941—

Introductory 1—2

Financial year 1939-40 2

Financial year 1940-41 2—9

Financial year 1941-42 9—19

Budget of the Governor General in Council as presented and adopted—

I.—General Statement of the Revenue and Expenditure charged to Revenue of the Central Government 22—23

II.—General Statement of the Receipts and Disbursements of the Central Government 24—25

A.—Statement of the Revenue of the Central Government . . 26—27

B.—Statement of the Expenditure charged to Revenue of the Central Government 28—30

C.—Statement of Receipts and Disbursements of the Central Government 31—38

The Indian Finance Bill as introduced in the Legislative Assembly on the 28th February 1941 39—44

The Tyres (Excise Duty) Bill as introduced in Legislative Assembly on the 28th February 1941 45—47

Speech of the Financial Secretary in the Council of State on the 28th February 1941 48—61

	Pages
Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1941-42	62—64
Notification publishing the Indian Finance Act, 1941	65—69
Notification publishing the Tyres (Excise Duty) Act 1941	70—72
Resolution No. D. 2989-B., dated the 12th April 1941, publishing the Budget statements as finally adopted	73
Explanatory Memorandum on the Budget of the Governor General in Council for 1941-42—	
Introductory notes	74
Revenue estimates—	
Revenue estimates under main heads of account (Statement I)	75
Notes on the revenue estimates	76—77
Details of customs revenue (Statement II)	78—79
Details of revenue from central excise duties (Statement III)	80
Details of salt revenue (Statement IV)	81
Details of opium revenue and expenditure (Statement V)	82
Details of currency and mint receipts (Statement VI)	82
Expenditure estimates—	
Expenditure estimates as shown in the Demands for Grants (Statement VII)	83—85
Notes on the expenditure estimates	86—89
Details of interest payments (Statement VIII)	90
Post Office cash certificates (Statement IX)	91
Grants-in-aid to Provincial Governments (Statement X)	91
Distribution of expenditure between voted and non-voted (Statement XI)	92
Ways and means estimates (Statement XII)	93
Comparative statements showing progress of revenue and expenditure since 1928-29—	
Distribution of revenue and expenditure (Statement XIII)	94
Analysis of tax revenue (Statement XIV)	95
Analysis of interest payments (Statement XV)	96
Analysis of main heads of "Other Expenditure" (Statement XVI)	97
Analysis of expenditure on "Civil Administration" (Statement XVII)	98
Defence Services—	
Analysis of Defence Services Receipts and Expenditure (Statement XVIII)	99
Posts and Telegraphs—	
Analysis of revenue and expenditure (Statement XIX)	100—101
Interest-bearing obligations of the Government of India (Statement XX)	102

PART I.

Railway Budget.

Speech of the Railway Member

introducing the

Railway Budget for 1941-42

Sir, I have the honour to present to the House the Railway Budget for 1941-42. The year that has elapsed since we discussed the Budget for the current year has been momentous. Then we had seen five months of what now seems little more than the overture to the actual war and as I then said the possible developments arising out of the war were largely hidden from our eyes. The succeeding months, with their cataclysmic events, have altered the whole outlook here and elsewhere. The nation has realized that the war is an issue on which neutrality is impossible and it is one of its compensations that so many millions, in all walks of life, have been drawn by the common danger and the common need into a fellowship of concentrated effort. On the railways, as on our big industries, the war has had far-reaching effects. These have been, on the financial side, mainly beneficial, so that, while I am able to present a remarkable balance-sheet, it is as well to remind ourselves of the other side of the picture. Our profits are, in considerable measure, the result of traffic due, more or less directly, to the war and thus represent a devastating sacrifice not merely of property but of life and welfare.

2. Compared with the sacrifices that are being made, not only in India but by millions who have never seen India, and who are yet contributing to our railways' prosperity, any efforts that the railways have made cannot loom large; but they are doing what they can, and the effort in itself is considerable. A certain number of officers and men have gone to join the fighting forces; a great many more are engaged in ancillary war work. Whole workshops have been turned over to military needs, and those we retain are producing, in increasing quantities, various war requirements. These range from a whole ambulance train to small parts of shells, and include articles used in clothing, feeding, arming, transporting and housing the fighting forces.

3. In addition to manufacturing war equipment, we have had to provide for war needs out of what we were using ourselves. The most important development here has been the dismantling of railway lines for shipment overseas. After utilizing to the full available stocks and rails released by relaying, we had no alternative but to close and take up a number of lines. Changes in the situation have made it unnecessary as yet to go as far as at one time seemed imperative, and we have so far closed or ordered the closing of only 9 lines out of 18 which the House will find detailed in the memorandum placed before the Central Advisory Council last December. Of the 9 lines selected for dismantling 6 were opened in the period 1927—32 and of the other 9 on the list, 7 were opened in that period. We regard all the lines notified as unremunerative so that, while I deeply regret the resulting dislocation, enhanced as it was by the shortness of the notice given, I doubt if we are doing more than taking precipitately action which, even without any war needs to satisfy, would be inevitable at a fairly early

date. It is some consolation to know that lines which, if we had remained at peace, would soon have proved superfluous, are going to meet an urgent need and to feel that it is not a case, as in the last war, of leaving the tracts affected without mechanical transport altogether. In present circumstances, the motor transport industry should be able to carry profitably most of the traffic which these branch lines found inadequate for their maintenance.

4. We have also had to defer hopes and in particular the hope of seeing the manufacture of broad gauge locomotives undertaken as a large-scale industry. The heavy demands for skilled labour, machine tools and materials resulting from the immense expansion in the production of munitions and other military requirements made it out of the question to embark at this stage on a new large-scale industry, and the workshop which we regarded as most suitable for the purpose has been completely turned over to war work. We have placed orders for ten broad gauge locomotives for the North Western Railway and 15 for the Great Indian Peninsula Railway with the Bombay, Baroda and Central India Railway Company, but it has not yet been possible to secure all the necessary materials even for these.

Capital Position, 1940-41.

5. In entering the financial field, I propose on this occasion to deal first with the capital position and to turn later to the working results of the three years with which we are concerned. The capital at charge at the opening of the current year was 758½ crores. To this the main asset added during the year was the Bengal-Dooars Railway, which was company-owned, and extended to 161 miles of metre gauge line. At a price of 173 lakhs it passed into our hands on 31st December last, and has been incorporated in the Eastern Bengal administration. We have opened for traffic during the year the Sind Right Bank feeder line running for 84 miles from Larkana to Jacobabad, while a small but important link on the South Indian Railway has brought the broad gauge system to the heart of the great new harbour at Cochin.

6. The chief reduction in our assets arises from the dismantling of the branch lines. If no others are added to their number, the total mileage reduced by the end of the year will be about 305 miles, of which 44 are of 2′ 6″ gauge and the rest broad gauge. The dismantled lines on State-managed railways represent a capital of 190 lakhs. Of this amount, we shall write-off, by debit to the depreciation fund, a sum of 90 lakhs, of which we expect that 50 will be credited to the depreciation fund on account of the sale proceeds of materials. The balance represents our estimate of the amounts contributed in respect of these railways to the fund since its inception. The remaining crore we propose to meet from the railway reserve fund. In regard to Company-managed railways, the terms of their contracts do not contemplate the writing-off of capital in such cases, except to the extent of the value of released materials, which we estimate at 15 lakhs out of the total of approximately 70 lakhs of capital involved. We propose also to write-off, by means of withdrawal from the depreciation fund, a capital sum of 41 lakhs representing assets on State-managed railways, which were abandoned in previous years.

7. The House may be interested to know that there is a further sum estimated at 118 lakhs of our capital in Company-managed lines which

represents abandoned assets. For the reason already mentioned, it is not practicable to write this off, but it is well to bear these dead assets in mind in assessing our capital position and judging of the adequacy of the depreciation fund. This fund began the year with assets of 30¾ crores. The estimated net receipts during the year are 4¼ crores so that the assets at the end of this year should be 35 crores. This excludes the debt of 30¼ crores, representing raids on the fund in the years of depression; under the moratorium approved by this House, we are not at present liable to repay these and do not propose to make any repayment this year.

8. Difficulties in obtaining materials were responsible for capital expenditure on works falling well below our budget estimate. Apart from the payments for the Bengal-Dooars Railway and the Hardwar-Dehra Railway, we added only about 3¼ crores to our capital and we shall be writing-off almost the same amount. At the end of this year the capital at charge should be about 761 crores.

Capital Programme, 1941-42.

9. For next year our capital programme includes no new lines, but there will be other capital transactions of great importance. The House is already aware of the decision to terminate during next financial year the contracts of two important railways—the Bombay, Baroda and Central India Railway and the Assam Bengal Railway. These decisions were taken after reference to the Standing Finance Committee and the Central Advisory Council for Railways and as Honourable Members will find the main considerations set out in the proceedings of the Council, I need not enlarge upon them here. I will only say that the divided votes in both bodies reflect our own views, namely, that while there were arguments of weight against purchase in both cases, and particularly in the case of the Assam Bengal Railway, where the majority in the Advisory Council was small, the balance of advantage in both cases lay with terminating the contracts. I should like to make it clear, in view of possible misapprehension, that the Government of India have never accepted the view that every contract for the working of a State-owned railway should be terminated whenever case of one of these railways, the previous option, which arose in 1931, was case of one of these railways, the previous option, which arose in 1931, was not exercised, and all cases must be considered in the light of the advantages and disadvantages as they present themselves at the time.

10. In the present cases, as I have said, the advantages appeared to outweigh the disadvantages. The Bombay, Baroda and Central India Railway yields a good return and appears to offer a sound investment. The Assam Bengal Railway does not yield an adequate return on the capital; the Company depends for its dividend upon the three per cent. guarantee and there was, so far as we could foresee, no prospect of their passing the stage at which the guarantee would be inoperative and surplus profits would become available. But this does not constitute an argument against purchase, for it means that at present all losses and gains fall on Government whether it is managed by the company or by ourselves, and the shareholders' dividends have for a number of years been entirely independent of the working results. Moreover, the bringing of the Assam Bengal Railway and the Eastern Bengal Railway under unified control, which is a step we propose to take, offers the prospect of some saving of expenditure and a little increase in traffic.

11. The disadvantages inherent in any form of State-management are, I know, increasingly recognised and were prominently in the minds of some of those who considered the question on this occasion. I would like to assure the House that we, on our part, are by no means oblivious of them. Officials are at times accused of overestimating their abilities, but our faith in bureaucratic competence is considerably less than that evinced by those who are so constant in asking us to undertake new tasks. And, apart from any difficulties inherent in official management of an industrial enterprise, the handicap to efficient administration which is involved in a system rendering the organization answerable to a popular legislature not merely in respect of questions of general policy but in respect of details must be constantly present to reflecting Members of this House.

12. At the same time, the advantages of retaining adequate State control over a great organization of this kind, which is so vital to the economy of the country and which gives a living to so many of its citizens, are to my mind obvious. It is my hope that in days to come it will be possible to introduce a system which will combine these effectively with a measure of that flexibility in administration, that readiness to make experiments, that ability to decentralize and that health-giving lack of uniformity which are today more characteristic of private enterprise than of bureaucratic responsibility. Unless this hope can be realized, the big step we have now taken may prove anything but profitable to the commonwealth in future years.

13. In the case of the Bombay, Baroda and Central India Railway, Government already own 96 per cent. of the capital and the payments to the Company will amount to £2 million or 2⅔ crores. In the case of the Assam Bengal Railway, Government own nearly 92 per cent. of the capital and the payments to the Company will be £1½ million or 2 crores. In addition, we have given notice to the Tapti Valley Railway Company of the purchase of their line, which is a broad gauge line 156 miles in length. It is owned by this Indian Company but operated by the Bombay, Baroda and Central India Railway Company. The purchase becomes effective on the 31st March, 1942, but as the purchase price of about 1⅔ crores will not be paid till early in 1942-43, no provision has been made in the present budget.

14. Other capital expenditure next year has been put at about 10¾ crores of which about four crores will be charged to capital and the rest to the depreciation fund. That fund should receive about 12¾ crores, and if there are no unexpected charges against it, the assets at the end of the year should be 41 crores. There are those who, seeing a difference between what is going into and what is coming out of the depreciation fund, tend to assume that that difference represents money that should not go in at all. This is, of course, a fallacy and it is well to remember that in the present situation, the special difficulties in the way of making replacements and renewals must be reflected here. The curtailment of replacements represents a definite deterioration which will have to be made good at a later date.

Accounts for 1939-40.

15. I turn now to the income and expenditure of the past, the present and the coming year. Beginning with 1939-40, I estimated that the year would end with a surplus of 361 lakhs. But traffic in the last two months

proved better than we expected by about 35 lakhs, while expenditure was below the estimate by half a crore. Interest and other charges were up by 19 lakhs, but miscellaneous revenue and expenditure gave us six lakhs more, so that we had a surplus of 433 lakhs. Even so, this did not provide the one per cent. on capital which had to be paid to general revenues, so that these took the whole of our surplus and carried forward a demand for a further 30 lakhs to make good the deficit. That sum comes as a first charge against this year's surplus.

Revised Estimates for 1940-41.

16. Passing to the current year, I estimated the traffic-receipts at 103 crores. That figure looks like being considerably exceeded and we have placed the revised estimate at 109¼ crores, a figure more than 11½ crores above the receipts of 1939-40. This large increase is due in part to the increases in freights and fares which were announced in the last budget statement; these are expected to have yielded over 6½ crores by the end of the year. The rest represents the actual and expected improvement in traffic. Whereas the increase we got last year was entirely in goods traffic, this year's increase has been mainly in passenger traffic. Our estimate allows for an increase in the volume of goods traffic of 2½ per cent. and in coaching traffic of 8 per cent. This increase in coaching traffic is particularly encouraging as affording evidence of increased prosperity among the masses, and it is satisfactory to find that the increased charges have not produced the dire effects that were apprehended by some of their critics. In only a few directions did it prove desirable to grant exemptions from the enhanced scale of freights. The most important of these were the complete exemption of newsprint and newspapers and the concessions given to flour and pig iron on a number of lines. We are at the moment carrying particularly heavy traffic and are limited in respect of goods in important areas by the wagons available.

17. A shortage of wagons at this season is no new thing, but the main shortage this year has been in unusual areas and occurred in spite of big improvements in operation which have added substantially to the effective supply of wagons. An expert committee on wagon turn-round, after a rapid survey last winter, recommended a large number of improvements that are saving wagon-time. A special Transport Advisory Officer, appointed in January, was able, with the co-operation of the interests concerned, to point the way to better wagon supplies, particularly for coal. In the result during the five months ending with April last, the East Indian and Bengal Nagpur Railways were able to supply to the trade 48,000 more wagons than in the corresponding months of the previous year—an increase of about 12 per cent. We are also pressing on with works designed to secure better operation. In particular the provision of a second down line from Khana to Ondal, a work now in progress, should go a long way to assisting the East Indian Railway in meeting the demands of the coal trade, while goods yards and goods sheds are being remodelled in many places, notably Moradabad, Sealdah and Bezwada.

18. Our revised figure for working expenses and depreciation for this year is 66·71 crores, which is only seven lakhs more than the original estimate. We have saved about half a crore because prices did not rise to the extent we anticipated, but we have added an equivalent sum to meet

possible charges for war allowances and other emergent charges, so that our figures virtually mean that the substantial increase in traffic is not reflected in our expenditure figures. This, as I hope the House will agree, is not the least remarkable feature of this year's working. It has of course to be remembered that the increase in traffic is not on the same scale as the increase in earnings, for we raised the rates, and that a large part of the increase in passenger traffic goes to fill out seldom over-crowded carriages and thus does not add appreciably to our expenses. Moreover the repercussions which a sudden increase in traffic produces in the way of increased charges for maintenance and repairs are felt more in later years than at the time.

19. Adding interest charges of 28,74 lakhs to the working expenses and deducting 79 lakhs as the balance of miscellaneous receipts over expenditure, we get an expenditure figure of 94·66 crores. This has to be set against an income of 109·25 crores. I exclude on both sides a figure of 547 lakhs for worked lines. The resultant estimated surplus for the year is 14 crores 59 lakhs.

20. This, if it is realized, will be the highest surplus attained in any year since railway finances were separated. I hope that those critics who were, in the darker years, so ready to measure the railways' inefficiency by the deficits, will apply the same canons of judgment to this year's surplus. But it is a very faint hope and I do not share their views. Deficits and surpluses alike depend largely on factors outside the control of railway administrations. This is not only because they reflect so largely the economic situation in the country: it has also to be remembered that with railways under State control, the aim is not profits but service. Our rates, on which our income depends, are not fixed with a view to securing the maximum income: still less are our wages, which form the most important element in our expenses, fixed with a view to a minimum expenditure.

21. At the same time, I am convinced that the efficiency of the railways has been rising steadily in recent years and the results now presented could not have been achieved without an immense amount of loyal work from all ranks in the railway service. They have had, in most cases, to work harder, to deal with many more passengers, to transport increased goods, to meet urgent and important demands from the military authorities. To all grades we have reason to be grateful. I would like to take this opportunity of acknowledging specially the services rendered by Sir Guthrie Russell, who relinquished the appointment of Chief Commissioner during the year to take up work more intimately connected with the war. He held that onerous and responsible post for eleven years, which were for the most part years when the task was particularly difficult. Solicitous alike for the interests of the public and of the staff, he made his influence felt in every direction and has left behind him an organization which is far more adequately equipped to meet the needs of the community than it was a dozen years ago and which secures better working conditions for those who man its ranks.

Estimates for 1941-42.

22. In framing the estimates for next year we are confronted with difficulties at least as great as those which faced us last year. We are

living in a time when prophecy is particularly hazardous. No one in this House, I imagine, foresaw with any approach to accuracy the main events in the international sphere during the last year, and the only certainty is that the war has not exhausted the surprises it can bring. There are various developments that might swiftly stultify any calculations we may make; and even events which, from the historical point of view, may be of minor importance can produce large reactions in our economic life. I would remind the House that within the last ten years the Railway Member has twice found his estimate of the year's balance more than ten crores out on the wrong side. If unexpected variations on this scale can occur in peace time, we who face far greater uncertainties run the risk of greater falsification of our expectations. What we have done is to put our figure for next year's receipts at a crore below the revised estimate for this year, that is, at 108¼ crores. This is simply because the few factors in the situation whose effects we can calculate seem in the aggregate to justify such a variation. Our figure for this year had to be greatly increased, at the last moment, on account of the phenomenal traffic figures in a few weeks in January, and it would be unsafe to bank on their repetition, while there are other factors which suggest a little caution. But I must repeat that the unknown factors are more important than those which we have considered and our figure would be more accurately described as a guess than as an estimate. Adding 78 lakhs for net miscellaneous receipts, we get a total income of 109·03 crores.

23. This allows for no important changes in freights or fares. We intend to reduce the surcharge on coal by five per cent. for the months from April to October inclusive: this seasonal variation is designed to encourage those who can to place their orders at times when the wagon position is easier. We are examining the question of whether the rebates designed to encourage the export of coal and wheat are still justified, and the question of whether suburban season ticket fares which were not altered when we enhanced passenger fares last year, are giving a fair return at their present levels. We are also considering whether the scale of fares for distances above 50 miles on the East Indian Railway should not be brought more into line with those in force on other State Railways. But no change will be made in these charges at present or within the next three months at least. We propose to continue the exemptions for food-grains and fodder from the increased freight given last year, because so far as we can see, extra expenditure on staff will not be on a scale rendering it necessary to secure more revenue in that direction; but I would remind the House of the warning I gave last year that the maintenance of the exemption on food-grains must depend on the demands made on us for the remuneration of our staff, and that the case for exemption of fodder is not so strong as it then was.

24. On the expenditure side we have put the working expenses, including depreciation, at 68·60 crores. This is an increase of 1·89 crores over this year's revised estimate; the largest item in this increase represents a provision for possible war allowances. Interest charges are put 14 lakhs lower than last year at 28,60 lakhs, so that our expenditure has been put at 97·20 crores. This figure, and the figure I gave for receipts of 109·03 crores, exclude an item of 5½ crores which appears on both sides of the balance sheet on account of worked lines. The estimated surplus comes to 11·83 crores.

Allocation of Surplus.

25. In conclusion, I deal with the allocation of the surplus we expect to have. Were it not for the moratorium, this would have to go to the replacement of the loans taken from the depreciation fund, but the moratorium relieves us from this obligation for the present, and the first charge will be the unpaid balance of the one per cent. contribution to general revenues for last year; this amounts to 30 lakhs.

26. The calculation of the contribution for this year brings us to the complicated provisions of the Convention governing the separation of railway finances; most of us had forgotten how complicated these provisions were because for many years the surplus, if there was any, was not large enough to bring its complications into play. The first payment to Government consists of the one per cent. on the capital at charge of commercial lines, less the loss incurred on working strategic lines: this will amount to 4·63 crores. The Convention provides that the next three crores should go to the railway reserve and that thereafter only two-thirds of the surplus should go to the railway reserve. The remaining third goes to general revenues and we estimate this amount at 2·22 crores. Adding these together and the demand on account of last year, the total of the three payments comes to 7·15 crores.

27. This would seem to leave 7·44 crores for the railways, but we have to reckon with yet another provision of the Convention. This stipulates that there shall be added to the one per cent. contribution one-fifth of the surplus profits remaining after payment of that contribution. The fixed contribution is based on the capital at charge in the penultimate year and this one-fifth is calculated likewise. What that means is that this sum, which we estimate at 1·82 crores, is only put into the railway reserve to be taken out again in the year after next. We propose, however, to surrender this sum during next year, when the amount will be determinate. The needs of the taxpayer are needs of the present and of the immediate future and there is nothing—if we ignore a few lakhs of interest that the railways would otherwise receive—to be gained by our holding on to the money till the following year. Thus the sum which, under the convention, the railways receive "to have and to hold" is reduced to 5·62 crores.

28. From this reduced sum it is proposed to make a further large reduction outside the Convention. We propose, in fact, to surrender half of it to general revenues which will treat it as a payment against the debt to Government. Speaking for the railways, I cannot but regard that debt as in large measure the result of an arrangement which imposes on the railways a burden too heavy for normal times. But we are living in abnormal times and feel that we should do all we reasonably can by way of direct assistance to the taxpayer at a time when he needs assistance more than ever before.

29. This reduces, in the final result, the gain to the railway reserve to 2·81 crores while general revenues stand to receive, by the five amounts I have mentioned, an aggregate of 11·78 crores—9·96 crores in this year's accounts and 1·82 crores in next year's. Against the railway's credit of 2·81 crores has to be set the disbursal of a crore which I mentioned earlier, so that the railway reserve will get a net increase, if our estimates prove accurate, of 1·81 crores. Even that, I may remind the House, has as its first object, to quote the Convention, "to secure the payment of the annual contribution to general revenues".

30. I do not propose to take the House through the calculations for next year. The figures are much more hypothetical and before the year comes to a close, we shall have to consider the position created by the expiry of the moratorium. I will only say, therefore, that on the basis of the estimates we have framed and of the system adopted for dividing this year's surplus, general revenues would receive, in addition to the payment of 1·82 crores already mentioned, sums amounting to 8·36 crores. The railway reserve would receive 3·47 crores. There would of course be the deduction of that 1·82 crores from the railway's share, but I have taken this into account in estimating the net accretion of this year at 1·81 crores, and therefore omit it here. But there would be a further liability to Government on account of the one-fifth of next year's surplus which would amount to 1·25 crores, so that the final net gain to the railways would be 2·22 crores and to general revenues 9·61 crores.

31. These results will, I realize, come as a disappointment to many who are interested in the railways. Although we expect a record surplus, and one far exceeding my estimate of a year ago, our reserve gains a very small sum. It is true that we have strengthened our capital position, but even if we take that into our calculations, the betterment to our position still falls short of the sum I hoped to receive on the basis of our original estimates—that three crores which the Convention treats as the first payment to the railways.

32. Railway administrators remember that in the difficult years of the last decade, they were cramped and confined in attempts to make ends meet when the ends, in their view, had been so adjusted against the railways that they could not equitably meet. Retrenchments and economies were enforced which they felt to be against the interests of successful working and consequently against the interest of the community, which owns the railways and should be keenly interested in their prosperity. Now when the prospect appears of providing a little insurance against a recurrence of such events, general revenues come in by another door, as it were, to remove that protection. But I feel confident that when it is realized that the needs of general revenues are war needs and that the alternative to an arrangement such as we propose would be an even heavier burden on the general taxpayer than he must in any case be called upon to bear, the justification for this arrangement will be recognized.

33. I would, however, add one word of appeal. I hope that in the future this House or its successors will not forget the service which the railways have been able to render at this juncture and will be ready, when peace is restored, to give the railways generous treatment. Generosity by the community here is generosity to themselves, and a liberal policy towards the railways will not fail of its rewards.

BUDGET

of the

Railway Revenue and Expenditure of the Governor-General in Council, as laid* before the Indian Legislature, 1941.

(*This was adopted without any modifications.)

RAILWAY DEPARTMENT;
New Delhi, the 14th February, 1941.

B. M. STAIG,
Financial Commissioner of Railways.

CONTENTS.

	Pages.
1.—STATEMENT of the REVENUE of the CENTRAL GOVERNMENT in INDIA and ENGLAND from RAILWAYS.	12-13
2.—STATEMENT of the EXPENDITURE on RAILWAYS charged to the REVENUE of the CENTRAL GOVERNMENT in INDIA and in ENGLAND	14-15
2(a).—CONTRIBUTION from RAILWAY to GENERAL REVENUES, 1940-41 and 1941-42	16
3.—STATEMENT of the CAPITAL EXPENDITURE of the CENTRAL GOVERNMENT on RAILWAYS	17
A.—RAILWAY DEPRECIATION RESERVE FUND	18
B. —RAILWAY RESERVE FUND	19

1.—Statement of the Revenue of the Central

Heads of revenue.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.
	Rs.	Rs	Rs.
XV.—State Railways—			
(A). Commercial lines—			
Gross receipts—			
Passenger traffic earnings—			
Upper class	3,14,00	3,20 25	3,49,30
Third class	24,25,62	24,68,50	26,85,70
Other coaching traffic earnings	5,28,52	5,12 25	6,50,00
Goods traffic earnings	67,20,54	71,68,75	73,62,25
Sundry other earnings	2,24,04	2,17 00	2,35,95
Total earnings	1,02,13,02	1,06,86,75	1,12,83,20
Earnings of State Railways	1,02,13,02	1,06,86,75	1,12,83,20
Suspense	-78,73	...	26,80
Gross receipts of State Railways	(a) 1,01,34,29	(c) 1,06,86,75	(e) 1,13,10,00
Deduct—			
Working expenses of State Railways	(b) *65,46,81*	(d) *67,28,20*	(f) *67,32,25*
Surplus profits paid to Indian States and railway companies.	*35,37*	*41,50*	*48 37*
Payments to worked lines—			
(i) Net earnings	3,56,74	2,57,25	2,91,00
(ii) Subsidy, Rebate, etc.	9,12	8,90	6,94
Net receipts	32,86,25	36,50,90	42,31,34
(B) Strategic lines—			
Gross receipts	1,39,35	1,32,00	1,62,00
Deduct—			
Working expenses	*1,89,45*	1,97,55	1,94,65
Net receipts.	—50,10	—65,55	—32,65
Total net receipts, Commercial and Strategic lines.	32,36,15	35,85 35	41,98,69
XVI.—Subsidized Companies—			
Government share of surplus profits, etc.	13,63	12,70	15,30
XVI-A.—Miscellaneous Railway Receipts—			
(a) Commercial lines—			
Interest on Railway Depreciation Reserve Fund balances.	1,16,51	1,35,71	1,34,66
Interest on Railway Reserve Fund Balances	...	6,50	8,09
Dividend on investments in branch lines and other miscellaneous Receipts.	29,64	30,28	29,40
(b) Strategic lines—			
Interest on Depreciation Fund balances.	10,96	11,53	11,66
Total receipts	34,07,09	37 82,07	43,97,80
XVI-B.—Transfers from Railway Reserve Fund.	...	..	..
Total	34,07,09	37,82 07	43,97.80

(a) Includes 5,08,42 earnings
(b) Includes 2,61,68 working
(c) Includes 5,18,75 earnings
(d) Includes 2,61,60 working
(e) Includes 5,47,00 earnins
(f) Includes 2,58,00 workig
(g) Includes 5,53,00 earning
(h) Includes 2,62,40 working

Government in India and England from Railways.

(In thousands of rupees.)

Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget Estimate, 1941-42. India.	England.	Total.	Increase (+) Decrease (—) as compared with Revised 1940-41.
Rs.	Rs.	Rs.	Rs.	Rs.
+29,05	3,42,30	...	3 42.30	—7,00
+2,17,30	26,83,70	...	26.83 70	—2,00
+1,37,75	6,48,00	...	6.48.00	—2,00
+1,93,50	73,15,25	...	73.15.25	- 47,00
+18,95	2,27,75	...	2,27,75	8,20
+5,96,45	1,12,17,00	...	1,12,17,00	—66,20
+ 5,96,45	1,12,17,00	...	1,12,17.00	—66,20
+ 26,80	*—1,00*	...	*1,00*	*— 27,80*
+ 6,23,25	1,12,16,00	...	(*g*)1,12,16.00	—94,00
+ 4,15	*69,80,41*	*13,64*	(*h*)*69,24,05*	*+ 1.91.70*
+ 6,87	*72,30*	..	*72,30*	*+ 23,93*
+33,75	2,90,60	...	2,90.60	—40
—1,96	7,25	..	7,25	+81
+ 5,80,44	39,35,41	—13,64	39,21,80	—3,02,54
+30,00	1,62,00	..	1,62,00	...
—2,90	1,97,55	...	1,97,85	+3,20
+32,90	—35,85	...	—35,85	—3,20
+ 6,13,34	38,59,59	—13,64	38,85,95	—3,12,74
+2,60	10,90	1,65	12,55	—2,75
—1,05	1,51,01	...	1,51,01	+16,35
+ 1,59	19,14	...	19,14	+11,05
—88	28,03	2	28,05	—1,35
+13	12,72	...	12,72	+1,06
+ 6,15,73	41,21,39	—11,97	41.09,42	—2,68,38
...	...	...	...	...
+6,15,73	41,21,89	—11,97	41,09,42	—2,68 38

of worked lines.
expenses of worked lines
of worked lines.
expenses of worked lines,
of worked lines.
expenses of worked lines.
of worked lines.
expenses of worked lines.

2.—Statement of the Expenditure on Railways charged to the Revenue

Heads of Expenditure.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.
	Rs.	Rs.	Rs.
15. State Railways—			
(A) Commercial lines—			
Interest—			
On Government capital at charge .	26,82,47	126,55 95	26,48,02
On capital contributed by Indian States and Companies.	97,80	97,38	97,92
Total interest, commercial lines . . .	27,80,27	27,53,33	27,45,94
(B) Strategic lines—			
Interest on capital at charge . . .	1,30,61	1,28,58	1,27,81
Total interest .	29,10,88	28,81,91	28,73,75
15(C) Subsidised Companies—			
Land	1,68	7,35	3,75
Subsidy	5,23	5,20	5,36
15 (D & E) Miscellaneous Railway expenditure—			
Commercial lines	55,79	58,10	56,26
Strategic lines	32	25	15
Payments to general revenues—			
(i) Contribution	4 38,19	4,41,26	6,34,50
(ii) Deficiency in contribution . . .	...	89,51	3,11,11
Transfers to Railway Reserve Fund . .	...	2,98,49	4,62,93
Total .	34,07,09	37,82,07	43,97,60

of the Central Government in India and England.

(In thousands of rupees.

Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget Estimate, 1941-42.			Increase (+) Decrease (—) as compared with Revised, 1940-41.
	India.	England.	Total.	
Rs.	Rs.	Rs.	Rs.	Rs.
—7,93	18,38,13	7,98,69	26,36,82	—11,20
+54	25	96,93	97,18	—74
—7,39	18,38,38	8,95,62	27,34,00	—11,94
—77	1,26,11	...	1,26,11	—1,70
—8,16	19,64,49	8,95,62	28,60,11	—13,64
—3,60	3,00		3,00	—75
+16	5,05	...	5,05	—31
—1,85	47,55	10,20	57,75	+1,50
—10	25	...	25	+10
+2,43,34	7,96,59	...	7,96,59	+1,13,09
+2,21,60	2,21,33	..	2,21,33	—99,28
+1,64,44	1,64,84	...	1,64,84	—2,98,09
+6,15,73	33,03,60	9,05,82	41,09,42	—2,88,38

* Includes 1,82,000 on account of advance payment of Contributions payable in 1942-43.

2(*a*).—Contribution from Railway to General Revenues, 1941-42.

(Based on actuals, 1939-40.) (In thousands of rupees.)

	Rs.	Rs.
1. 1 per cent. on capital of 6,95,90,74 at charge, commercial lines	...	6,95,91
2. (i) Receipts—Commercial lines—		
Gross traffic receipts	1,01,34,39	
Subsidised Companies' share of surplus profits, etc.	13,63	
Interest on Depreciation and Reserve Fund balances	1,16,51	
Dividend on investments in branch lines and other miscellaneous receipts	29,94	
		1,02,94,27
(ii) Charges—Commercial lines—		
Working expenses	65,46,81	
Payments to worked lines	2,65,86	
Indian States and Railway Companies' share of surplus profits	35,37	
Interest—		
on capital at charge	26,82,47	
on capital contributed by Indian States and Companies	97,80	
Land and subsidy	6,91	
Miscellaneous railway expenditure	55,79	
Contribution at 1 per cent. on capital at charge	6,95,91	
		1,03,86,92
(iii) Deficit	...	92,65
(iv) Contribution of one-fifth of surplus	...	..
3. (i) Total contribution from railway revenues [1 *plus* 2 (iv)]	..	6,95,91
Deduct—Loss on strategic lines borne by railway revenues—		
(*i*) Interest on capital	1,30,61	
(*ii*) Loss in working	39,46	
(*iii*) Interest on the amount of loss in working met from Depreciation Reserve Fund of Commercial lines.	15,58	
		2,15,65
(ii) Net payment due from railway to general revenues in 1941-42	.	4,80,26

NOTE.—The amount of the contribution due to General Revenues for 1940-41 is Rs. 4,02,58 thousands.

3.— Statement of the Capital Expenditure of the Central Government on Railways.

(In thousands of rupees.)

Heads of Expenditure.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget, 1941-42.	Increase (+) Decrease (—) as compared with Revised, 1940-41.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Railway Capital not charged to Revenue:—						
67.—Construction of State Railways:—						
A. Commercial Lines—						
Open Line Works—						
Rolling Stock	89,54	1,62,02	44,08	—1,17,94	1,22,52	+78,44
Other Works	95,41	2,48,92	—1,06,79	—3,55,71	2,86,80	+3,93,59
New Construction	70,28	7,25	2,00	—5,25	11	—1,89
Suspense	1,19,94	60,05	73,08	+13,03	66,72	—6,36
Miscellaneous	92,38	47,23	2,16,35	+1,69,12	4,23	—2,12,12
Probable savings	...	—1,00,53	...	+1,00,52	—90,65	—90,65
Total	4,67,55	4,24,95	2,28,72	—1,96,23	3,89,73	+1,61,01
B. Strategic Lines—						
Open Line Works—						
Rolling Stock	—1,03	—3,00	—1,33	+1,67	—1,50	—17
Other Works	7,14	3,10	69	—2,41	—49	—1,18
New Construction	...	.	..	.	...	...
Suspense	—25,56	—5	92	+97	60	—32
Probable savings	..		...	...		..
Total	—19,45	5	28	+23	—1,39	—1,67
Total Commercial and Strategic Lines	4,48,10	4,25,00	2,29,00	—1,96,00	3,88,34	+1,59,34
67-C.—Discharge of Debentures	...	...	...	...	4,86,77	+4,86,77

A.—Railway Depreciation Reserve Fund.

(In thousands of rupees)

	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.		Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	24,67,48	30,26,02	30,75,03	35,13,03	Appropriation from Depreciation Reserve Fund.	6,50,99	7,00,00	8,26,00	6,80,00
Appropriation to Depreciation Reserve Fund.	12,58,54	12,66,00	12,64,00	12,68,00	Closing balance.	30,75,03	35,92,02	35,13,03	41,01,03
TOTAL .	37,26,02	42,92,02	43,39,03	47,81,03	TOTAL .	37,26,02	42,92,02	43,39,03	47,81,03

*

B.—Railway Reserve Fund.

(In thousands of rupees.)

	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.		Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
Opening balance.	47,86	47,86	47,86	4,13,05	Appropriation from Reserve Fund.	..	...	1,00,00	...
					Investment Account (gain on Securities).	...	...	—1,26	
Appropriation to Reserve Fund.	..	2,98,49	4,62,93	1,64,84	Closing balance.	47,86	3,46,35	4,12,05	5,76,89
TOTAL	47,86	3,46,35	5,10,79	5,76,89	TOTAL	47,86	3,46,35	5,10,79	5,76,89

Speech of the Hon'ble Mr. L. Wilson, Chief Commissioner of Railways, in presenting the Railway Budget for 1941-42 in Council of State.

Sir, I have the honour to present to the Council the statement of revenue and expenditure of the Governor General in Council in respect of the Indian Railways for the coming financial year.

Accounts for 1939-40.

2. I shall first deal with the results of 1939-40. Last year at this time my predecessor estimated that we would finish the year with a surplus of 3·61 crores. In the event, however, our receipts were 35 lakhs higher and our expenditure 50 lakhs less than our estimates, there was a small increase in interest charges and the actual surplus reached the figure of 4·33 crores, the whole of which, under the "moratorium" approved by the Legislature, was paid as contribution to the general revenues. This sum fell short by 30 lakhs of our liability to general revenues under the Convention.

Revised Estimates, 1940-41.

3 When the Budget for the current year was prepared, the war was only 5 months old and the atmosphere was full of uncertainty. There had been an improvement in traffic after the out break of war and it was assumed that some improvement would be maintained, allowance was also made for the effect of the increase in rates and fares introduced from 1st March, 1940 and the gross earnings were put at 103 crores. In fact the improvement to the end of November was more substantial than was originally anticipated ; there was a set-back in the month of December but a phenomenal improvement in January and we now expect that our receipts will be 109¼ crores, about 11½ crores better than 1939-40 and 6¼ crores better than our original budget estimate. On the expenditure side, the effect of the rise in prices has not been as considerable as was anticipated, and the saving on this account on our original estimates may be taken at about half a crore. But Government have at present under consideration the report of the Court of Enquiry, which was appointed in August last to examine the question of war dearness allowance to the employees on the Great Indian Peninsula Railway. Government's intention is to apply any principles, which may be adopted for the Great Indian Peninsula Railway, to other railway servants in their employ to whom they might be equally applicable. We are not in a position to anticipate the decision of Government on the recommendations of the Court, but for estimating purposes we cannot ignore the possibility of having to incur expenditure on dearness allowance this year. Further, the phenomenal rush of traffic in January, to which I have alluded, must be reflected in increased working expenses. To meet these two contingencies, we have provided in the revised estimates the sum of half a crore. In consequence, we have placed our revised estimate of working expenses, including depreciation, at 66·71 crores which is about the same figure as the original estimate. We now expect to have a surplus this year of a little over 14½ crores.

4. The moratorium, whereby, with the approval of the Legislature, railway revenues have been relieved of the liability to repay the loans taken from the depreciation fund and to repay the arrears of contributions due to general

revenues, is current until the 31st March 1942, and if we were to take advantage of this, the surplus, under the Convention of 1924, would be divisible as follows :—

7·15 crores	to general revenues for 1940-41 (including 30 lakhs arrears for 1939-40), and
7·44 crores	to railway reserve.

But with a view to assist general revenues in the present emergency, it is proposed that, out of the sum of 7·44 crores payable into the railway reserve, 1·82 crores representing the approximate amount due to general revenues in 1942-43 under clause (2) of the Convention, should be held in reserve for transfer to general revenues next year as an advance payment of what will be due in 1942-43, and that half of the balance that is 2·81 crores, should this year be paid to general revenues. General revenues will then get 9·96 crores in 1940-41. Of the remaining 4·63 crores, after earmarking the 1·82 crores required for the advance payment to general revenues next year, we propose to utilise 1 crore towards writing down part of the capital cost of the State-managed lines which have been dismantled during the year and to devote the balance towards building up our railway reserve, the sum at credit of which now stands at the very inadequate figure of about 49 lakhs. At the end of the year, and excluding the sum of 1·82 crores earmarked for payment to general revenues next year, its balance will be 2·30 crores.

The cost of the lines dismantled during the course of the year is about 190 lakhs, and we expect to receive 50 lakhs from the sale of the released materials. We estimate that about 40 lakhs has already been contributed in respect of these lines to the depreciation fund since its inception, and we consider that the net burden on the fund arising out of the dismantling, after allowing for the 50 lakhs credit we expect, should be limited to this sum. It is for this reason that we are allocating to meet the balance of the total write-off involved, the sum of 1 crore I have already mentioned, from the railway share of the revenue surplus.

The contribution from revenue to the depreciation fund during the current year will be 12·64 crores. Expenditure from the fund, with which I shall deal later, will be a little over 8¼ crores. The balance in the fund at the close of the year will, therefore, be 35·13 crores.

Revenue in 1941-42.

5. We now come to the budget for the year 1941-42. It is difficult to form an estimate of what may happen this year which has less than two months to run, and it is still more difficult to make an estimate of what our earnings and working expenses are likely to be in the coming year with trade conditions and the international situation so uncertain. We are, therefore, unable to do better than assume that our receipts will be closely related to those of the current year. I have already mentioned the phenomenal increase in earnings in January this year and we feel that, when relating next year's earnings to the earnings of this year, we should discount this increase by one crore and, subject to this reduction, take the same figures for the earnings of both years, that is, against 109¼ crores in the current year take 108¼ crores for 1941-42.

Expenditure from Revenue in 1941-42.

6. Our estimate for working expenses including depreciation has been placed at 68·60 crores which is an increase of about 2 crores on the current

year's figure. This increase is mainly accounted for by the anticipated increase in the cost of repairs and maintenance and by the provision for dearness allowance to certain low-paid staff for the whole year. After allowing for a reduction of 14 lakhs in interest charges, we estimate the year's working should result in a surplus of about 2¾ crores less than in the current year, that is 11·83 crores against 14·59 crores.

7. The contribution payable to the general revenues for the next year under the Convention and with the moratorium still in force is 6·14 crores. But after the payment of this contribution the budget has been framed on the assumption that we assist general revenues out of the remaining 5·69 crores in the same manner as is proposed in the current year. This would mean that 2·22 crores will be allocated to general revenues and a sum of 3·47 crores to railway reserve. Of the latter amount 1·25 crores represents a liability to general revenues in 1943-44 under clause (2) of the Convention. We also, as I have already mentioned, propose to withdraw the sum of 1·82 crores paid into the railway reserve this year and transfer it to general revenues as advance payment of the contribution due in 1942-43. The total contribution to the general revenues would thus be 10·18 crores and the amount transferred to the railway reserve fund 1·65 crores, bringing the total in the fund to 5·77 crores, including the liability to general revenues of 1·25 crores. This is a very small reserve in view of the fact that in the five years following 1924-25 when the reserve fund was opened, a sum of 18¾ crores was accumulated and that during the depression period which followed, this amount, with the exception of about ½ crore which was invested, was used up in 3 years and afterwards railways failed to meet their obligations to general revenues to the extent of 35 crores and also had to borrow 30 crores from the depreciation fund to meet interest charges. A reserve of about 83 crores would, therefore, have been necessary to enable railways to meet their obligations, without borrowing, during the last depression period. The appropriation to the depreciation fund during 1941-42 will be 12·68 crores and the withdrawals about 6¾ crores; the balance at credit of the fund at the end of the year will be about 41 crores.

Capital and Depreciation.

8. I shall now turn to our expenditure under capital and from the depreciation fund. During the current year, our revised estimate allows for an expenditure of 2¼ crores under capital and a little more than 8¼ crores under depreciation fund. In the 2¼ crores under capital is included the sum of 1¾ crores on account of the purchase price of the Bengal Dooars Railway. In regard to the depreciation fund, I have already alluded to the sum of 40 lakhs which will be the net debit to it on account of lines being dismantled this year. In addition to this sum, we propose also to write-off to the depreciation fund the sum of 41 lakhs which represents the value in the balance sheets of State-managed railways (Commercial) of assets which were abandoned prior to 1924 but have remained at the charge of capital. The remaining expenditure against the fund, somewhat less than 7½ crores, is mainly for replacements and renewals.

9. Our programme for 1941-42 includes 4·87 crores for the purchase of the Assam Bengal and the Bombay, Baroda and Central India Railways. for which provision has been made in full. The sums allotted for open line works, are about 6 crores for track renewals, ¾ crore for bridges and 2½ crores for other, structural works. The programme also provides a little over 4½ crores for rolling stock and 67 lakhs for an increase in stores balances of railways, which has been necessitated by the present day situation. From the total provision for open line works, we have deducted about 19 per cent. to allow for railways

being unable to spend the full amount and estimate the expenditure, including the purchase of the two railways, at 15½ crores of which 8¾ crores is chargeable to capital and about 6¾ crores to depreciation fund.

10. I will now briefly mention some aspects of the activities of Railways in the light of the past year's experience.

11. As foreshadowed in last year's budget speech the Hours of Employment Regulations have been extended to the Assam Bengal and Bengal Nagpur Railways, with effect from the 1st January 1941. This completes the application of the Regulations to all State-owned Class I Railways.

12. In accordance with the motion adopted in this House last year, it has now been decided to place the Government Inspectors of Railways under an authority other than the Railway Board and it is hoped to bring the new Inspectorate into being shortly. The new Inspectorate will be attached to the Department of Communications and, as this Department is not staffed by officers with experience in railway operations, it will include a Chief Inspector who will be the principal technical adviser to Government on matters with which the Inspectorate is concerned. The existing cadre consists of five Inspectors; the new cadre will have the same number and in addition the Chief Inspector and an Assistant who will when required take over the duties of an Inspector on leave. The cadre will be recruited as at present from Engineers on State-managed railways with the exception of the Chief Inspector who may be recruited from either a State or a Company-managed railway. The officers appointed to the cadre will sever all connection with railways and will not thereafter be eligible for any appointment under the Railway Board.

13. Last year my predecessor referred to certain measures for the benefit of the staff, which were then under consideration. These related to the Provident Fund and Government have since decided that, with effect from 1st January 1941, all those railway employees who do not at present subscribe to the Fund and who have completed 16 years' service may, at their option, subscribe to the Fund; also certain anomalies which existed as between one railway and another have to a great extent been removed by extending the option to all those who were not formerly subscribers and whose emoluments are more than Rs. 30 a month.

14. I am aware that Honourable Members take particular interest in the proposals to build broad gauge locomotives in India and I would like to be able to say that action had been further advanced than has, in all the circumstances, been found possible. In the present emergency it has not been possible to proceed with the design of a workshop suitable for locomotive building on a large scale, further all available skilled labour, machine tools and materials are required for war work. The shops reported on as suitable for conversion for locomotive building have therefore been handed over to the Supply Department for war work and the normal locomotive repair work transferred to the shops of other railways. If as is expected this redistribution of the repair work proves satisfactory, the way will be open for the building programme at the end of the war. Meanwhile valuable experience will be gained in the construction of broad gauge locomotives at the Ajmer shops of the Bombay, Baroda and Central India Railway, for in addition to the normal work of constructing metre gauge locomotives, work is now being started on orders for 25 light type broad gauge locomotives for the North Western and Great Indian Peninsula Railways. We expect that the first broad gauge locomotive built at Ajmer will be ready at the end

of 1942 but this will depend on the availability of the material to be imported, in regard to which the position is at present somewhat obscure.

15. Similar uncertainty exists as regards the supply of boilers and boiler plates for maintenance of locomotives and, whilst every endeavour is being made to obtain supplies, there will be delays and a risk of a consequent shortage of power. The supply of wheels and axles for wagons is in arrears and here also we must be prepared to face a shortage. As regards stores generally, it has for many years been our policy to utilise, as far as available, suitable indigenous products and of these only the supply of steel is causing anxiety and strict economy is being exercised,—we are limiting our coach building to the number of new underframes in stock and to rebuilding on old underframes. Wood sleepers are being ordered instead of steel for sections of the railways where normally steel would be used. We are already aware that the supply of new rails will probably be less than half our normal requirements and, with the ever increasing demand for munitions, the position may further deteriorate. I am not taking a pessimistic view of the situation and trust that, throughout the emergency, we shall be able to carry the traffic offering though there may be some delay in handling it in peak periods.

16. My predecessor last year mentioned the appointment of a Committee to report on measures to be taken to improve the utilisation of wagons and the recommendations of this Committee have already resulted in considerable improvement in this direction. He also mentioned works to be taken in hand on the East Indian Railway which will increase the line capacity on the congested sections of that railway. Those works are in hand and will, when completed, afford substantial relief.

17. The Transport Advisory Officer who was appointed in January 1940 has been of great assistance in improving the supply of wagons to the collieries and in the distribution of the loaded wagons. He has worked in close co-operation with the Wagon Supply Committee, the three Calcutta Railways, the Director of Wagon Interchange and the Chief Mining Engineer, all of whom, I understand, make good use of his advice.

18. The war has had a great effect on all our activities. We have had to handle additional traffic which, of course, is our proper business, but we have been able to give assistance in the war effort in directions outside our normal activities. We cannot, of course, compare our effort with that which is being made by English Railways, which are in the battle area, but we can take credit for such efforts as we have been called upon to make. Our workshops are, in addition to their normal work, employed to an ever increasing extent on the manufacture of munitions besides which certain shops have been, and others shortly will be, entirely employed on war work. We are also training a large number of skilled work-men for munitions production. These men, on the completion of their training, will be employed either in railway workshops, or in other shops, employed on war work.

19. Many railway officers have been released not only for service in Railway Technical Units but for work in other departments, including the Supply Department, in connection with the war. A number of Reserve officers have rejoined their Units and the majority of the R. E. officers have been recalled to military duty. Apart from gazetted officers, other railway employees have volunteered and have been accepted for combatant and non-combatant service chiefly, of course, in the Railway Technical Units where their professional abilities will be utilised to the best advantage.

20. Honourable Members are already aware that railways have been called upon to supply track for essential military purposes and that, after spare stocks were exhausted and taking into account track which would be released by our relaying programme within the required time, it was necessary to dismantle certain branch lines. Great care was given in the selection of the lines to be dismantled and the branches closed were those with suitable track which were unremunerative or insufficiently remunerative and which served areas provided with other forms of transport facilities. In every case the Provincial Government, or the Indian State concerned, was consulted. The branches selected for dismantlement cover a mileage of 348, of which the track on branches covering 137 miles has been lifted, branches covering 123 miles are in process of dismantlement and work on a branch of 88 miles will immediately be taken in hand. I am not in a position to say what further assistance in this direction railways will be called upon to give, but Honourable Members may rest assured that, if any steps are taken, the necessity will be a real one and that the search for an alternative to dismantlement, which we have made from the beginning, will continue.

21. On this occasion each year it is the privilege of the Chief Commissioner of Railways to refer with pleasure to the services rendered by the staff on Indian Railways. I am sure none of my predecessors has had better reason than I have this year for doing so. The highly experienced staff is being reduced by war demands, especially in the officers and supervising cadres involving frequent change in charges and this at a time when they are called upon to deal with an increased traffic and with the initiation and execution of new activities to some of which I have already briefly referred. The response all along the line has been admirable and with an *esprit de corps* second to none I look to the future with confidence.

Details of Voted and Non-voted amounts included in the Demands for Grants (Railways) for the year 1941-42.

Number of demand.	Name of Demand.	Amount.		
		Voted.	Non-voted.	Total.
		Rs.	Rs.	Rs
1	Railway Board . . .	11,52,000	*4,48,000*	16,00,000
2	Audit.	15,03,000	*2,07,000*	17,10,000
3	Miscellaneous expenditure .	11,00,000	*16,90,000*	27,90,000
5	Payments to Indian States and companies . .	3,75,20,000	..	3,75,20,000
6-A	Working expenses—Maintenance of structural works .	8,33,50,000	*18,50,000*	8,52,00,000
6-B	Working expenses—Maintenance and supply of locomotive power . .	19,05,35,000	*9,85,000*	19,15,20,000
6-C	Working expenses—Maintenance of carriage and wagon stock . . .	6,56,90,000	*4,10,000*	6,61,00,000
6-D	Working expenses—Maintenance and working of ferry steamers and harbours	32,97,000	*18,000*	33,15,000
6-E	Working expenses—Expenses of Traffic Department .	10,95,75,000	*11,50,000*	11,07,25,000
6-F	Working expenses—Expenses of General Departments .	4,03,00,000	*21,80,000*	4,24,80,000
6-G	Working expenses—Miscellaneous expenses . .	4,74,30,000	*8,45,000*	4,82,75,000
6-H	Working expenses—Expenses of Electrical Department	3,75,30,000	*2,45,000*	3,77,75,000
7	Working Expenses—Appropriation to Depreciation Fund	12,68,00,000	..	12,68,00,000
8	Interest charges . . .	2,63,000	*28,57,48,000*	28,60,11,000
9	Temporary withdrawals from Depreciation Fund . .	..	..	..
10	Appropriation to Reserve .	1,64,84,000	..	1,64,84,000
10-A	Withdrawal from Reserve .	..	..	..
11	New construction . .	11,000	..	11,000
12	Open Line Works . .	15,54,00,000	*1,00,000*	15,55,00,000

Appendix A.—Working Expenses and other Revenue charges relating to Strategic Lines.
Appendix B.—Expenditure on Open Line Works relating to Strategic Lines.

Commercial and

(In lakhs

		1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	1930-31.	1931-32.
		M.	M.	M.	M.	M.	M.	M.	M.
Mileage	State-owned	27,002	27,090	27,664	28,086	29,111	30,878	31,197	31,640
	Worked lines	5,847	5,977	5,815	5,812	5,843	4,733	4,873	4,870
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts.	State-owned	1,00,13	98,94	98,42	1,03,43	1,03,73	1,02,70	95,10	86,63
	Worked lines	7,34	7,12	6,77	7,18	7,27	6,47	4,99	5,07
Operating expenses	State-owned	51,65	52,99	52,89	53,06	54,22	55,59	54,39	49,31
	Worked lines	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63
Depreciation Fund .		10,35	10,67	10,89	11,38	12,00	12,59	13,07	13,46
Payments to worked lines		3,64	3.55	3,44	3,65	3,64	3,17	2,33	2,44
Net Traffic receipts (State lines).		38,13	35,28	34,64	38,99	37,51	34,52	27,64	23,86
Net Miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to companies.		—1,07	—1,19	—1,27	—87	—37	—2	—11	1
Net revenue . .		37,06	34,09	33,37	38,12	37,14	34,50	27,53	23,87
Interest charges . .		23,90	24,81	25,87	27,27	29,33	30,46	32,72	33,07
Surplus . . .		13,16	9,28	7,50	10,85	7,81	4,04	—5,19	—9,20
Paid as contribution to general revenues.		6,78	5,49	6,01	6,28	5,23	6,12	5,74	...
Transferred to railway reserve.		6,38	3,79	1,49	4,57	2,58	—2,08	—10,93	—4,95

*Excluding Burma Railways. For

NOTE 1.—The balance of the loss in 1931-32 and the total loss in the following years to 1938-39 have

NOTE 2.—Credits for material released from works not charged to revenue were taken in reduction included in net miscellaneous receipts. From 1936-37, they are taken in reduction of expenditure met each; in 1934-35, 90 lakhs;

NOTE 3.—Working expenses were reduced in 1930-31 by 166 lakhs by a credit from the Depreciation refunds of expenditure

† Includes 1·82 crores advance payment

Strategic lines together.

of rupees.)

1932-33.	1933-34.	1934-35.	1935-36.	1936-37.	1937-38.*	1938-39.*	1939-40.*	Revised Estimate,* 1940-41.	Budget Estimate,* 1941-42.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
31,642	31,644	31,619	31,732	31,729	29,764	29,725	29,797	29,691	29,691
4,866	4,613	4,634	4,578	4,398	4,084	4,083	3,988	3,959	3,959
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
84,43	86,63	90,20	90,65	95,49	95,01	94,48	97,65	1,09,25	1,08,25
4,86	5,13	5,28	5,37	5,53	5,45	5,14	5,08	5,47	5,53
49,08	49,50	50,27	50,87	50,23	50,37	51,48	52,26	54,07	55,92
2,49	2,60	2,66	2,68	2,66	2,64	2,53	2,51	2,56	2,62
13,77	13,56	13,72	13,25	13,15	12,57	12,56	12,59	12,64	12,68
2.37	2,53	2,62	2,69	2,87	2,81	2,61	2,57	2,91	2,91
21,58	23,57	26,21	26,53	32,11	32,07	30,44	32,80	42,54	39,65
1,10	1,05	53	86	—9	—5	23	64	79	78
22,68	24,62	26,74	27,39	32,02	32,02	30,67	33,44	43,33	40,43
32,91	32,58	31,80	31,39	30,81	29,26	29,30	29,11	28,74	28,60
—10,23	—7,96	—5,06	—4,00	1,21	2,76	1,37	4,33	14,59	11,83
...	...	...	...	...	2,76	1,37	4,33	9,96	10,18†
...	...	...	...	...	...	...	...	4,63	1,65

other years, please see Appendix IV

been met by temporary borrowings from the Depreciation Fund.

of operating expenses up to 1931-32. From 1932-33 onwards they have been added to receipts and are from the Depreciation Fund. The amounts involved are as follows: in 1932-33 and 1933-34, 119 lakhs and in 1935-36, 110 lakhs.

tion Fund for correction of past accounting adjustments and in 1924-25 by 170 lakhs by certain abnormal in previous years.

against contribution for 1942-43.

Explanatory Memorandum on the Railway Budget for 1941-42.

INTRODUCTORY.

The results of commercial and strategic lines are, as usual, dealt with together. They are, however, shown separately in a concise form in Parts III and IV respectively of this memorandum.

PART I.

SUMMARY OF RESULTS.

Surpluses.

	In crores.
1939-40	4·33 (actual).
1940-41	14·59 (anticipated).
1941-42	11·83 (anticipated)

1939-40.

2. The actual net results of 1939-40 were better than those of 1938-39 by nearly 3 crores and exceeded even our revised estimate by nearly ¾ crore. As regards receipts, we anticipated a substantial betterment, as compared with the previous year, on two considerations. Firstly, though the early months of the year had seen a deterioration in traffic, yet there had been, since the outbreak of the war in September 1939, a substantial improvement. Secondly, a general addition to freights and fares was made with effect from the 1st March 1940. Actually the betterment turned out to be more than we expected. The total receipts rose to 97·65 crores against 94·48 crores for 1938-39 and 97·30 crores in our revised estimate, an increase of 3·17 crores and ·35 crore respectively. The actual working expenses also varied from the estimate on the favourable side, being below the revised estimate by 50 lakhs, but there was an increase of a few lakhs in the interest charges. In the net result, therefore, the actual surplus exceeded our revised estimate by 72 lakhs. The surplus was paid to the general revenues in part payment of the contribution due under the convention relating to the separation of railway from general finances. This payment was rendered possible by the decision of Government, with the approval of the Legislature, to postpone for the present the repayment of loans taken from the depreciation fund to meet deficits in previous years.

3. The expenditure from the depreciation fund was about 6½ crores, while the appropriation from revenue to the fund was a little over 12⅝ crores. The actual balance at the credit of the fund at the end of the year was thus about 6 crores more than the opening balance and stood at 30¾ crores. The nominal balance, including the temporary loans amounting to about 30¼ crores, taken from the fund to meet the deficits for the five years from 1931-32, was a little over 61 crores.

1940-41.

4. In framing the budget estimate of receipts for 1940-41, we assumed that the conditions which prevailed in the latter part of last year and led to an improvement in traffic, would continue throughout this year, and allowance was also made for the increase in freights and fares with effect from 1st March 1940. We provided for an increase of about 5¾ crores over the revised estimate for 1939-40, after allowing for the additional day's earnings in February 1940. Actually, in 1939-40 we earned 97·65 crores. In the current year, the improvement in traffic earnings, as compared with last year, was to the end of November, continuously much more substantial than was originally expected, ranging from 10 to 17 per cent. In December, however, the improvement was only slight, *viz.*, 5 per cent. and was attributable solely to the enhancement of rates and fares, as the traffic was actually less than last year. In January 1941, there was a very substantial revival, the approximate figures for the last 21 days of that month exceeding the actuals of the previous year by almost 120 lakhs. On the whole, we now expect the total receipts of the current year to be 109·25 crores, that is, nearly 11½ crores more than last year and 6¼ crores more than our original estimate.

5. On the expenditure side, the effect of the rise in prices is not now expected to be as considerable as we anticipated a year ago, and had no fresh items of expenditure to be taken account of, the total working expenses would have now been estimated at about half a crore less than in the original budget. The report of the Court of Enquiry, appointed by the Government of India in August 1940 to examine the question of the grant of a war dearness allowance to employees on the Great Indian Peninsula Railway is, however, now under the consideration of Government. Government's intention is to apply any principles which they may adopt for the Great Indian Peninsula Railway, to other railway servants in their employ to whom those principles might be equally applicable. Without anticipating the decision of Government in any way and solely for budgetary purposes, provision has been made in the estimates of both the current and the next year for the possible payment of dearness allowance to low paid employees. We consider it prudent also to make some allowance for the effect on working expenses of the exceptionally heavy traffic in January. Consequently, we have arrived at a revised estimate of working expenses which is about the same as the original estimate.

Net traffic receipts, after meeting working expenses, are expected to be about 9¾ crores more than last year.

The net results of the miscellaneous transactions are expected to show a betterment of a little less than ¼ crore.

The total net revenue of all State-owned railways is now estimated to be about 10 crores above last year (43·33 crores against 33·44).

The interest charges are about ⅓ crore less than last year.

The surplus of all State-owned lines is thus estimated to be about 10¼ crores over last year, *i.e.*, 14·59 crores against 4·33 of last year.

6. If the provisions of the 'moratorium' resolution passed by the Legislature in September 1939 in accordance with which railway revenues were relieved up to the 31st March 1942 of the liability to repay (*a*) the temporary loans taken in past years from the depreciation fund to meet deficits and (*b*) arrears of contribution due under the convention of 1924 to central revenues, were to be availed of, this surplus would be disposed of in the following way. Nearly 5 crores would be paid as contribution to general revenues (4⅔ crores representing the contribution for the current year and the remainder arrears for the

last year). Of the remaining portion of the surplus (nearly 9⅝ crores), about 2¼ crores would be transferred to general revenues and a little less than 7½ crores to railway reserve. The total contribution to general revenues would thus be a little over 7 crores.

In the financial conditions, however, created by the war which, while it has brought unprecedented prosperity to railway revenues, has thrown on the general revenues a burden of increasing magnitude, Government consider that railway revenues should afford to general revenues a substantially greater measure of assistance than the 7 crores mentioned. On the basis of this year's estimates, it has been calculated (*vide* Appendix XI at page 111 of this memorandum) that in respect of that element in clause (2) of the 1924 convention, which involves, after a contribution of 1 per cent. of the capital at charge ot commercial lines has been paid, a further liability of $\frac{1}{5}$th of any surplus profits remaining on the working of these lines, the sum of 1·82 crores will be due by railway to central revenues in 1942-43. It is proposed, therefore, while transferring that sum this year to the railway reserve, to earmark it for payment to general revenues next year as an advance payment against the liabilities of 1942-43. It is further proposed to apportion the balance, *viz.* 5·62 crores that would then be available for transfer to the railway reserve, equally between central and railway revenues, the portion accruing to the former being taken in reduction of arrears of contribution and the portion accruing to the latter being transferred to the railway reserve fund. The total estimated contribution to general revenues this year will, therefore, be 9·96 crores. The railway reserve will receive 4·63 crores, of which 1·82 crores will be earmarked, as already explained. Of the balance, it is proposed to utilise 1 crore to write off capital at charge of dismantled lines on State-managed railways. As stated elsewhere in this memorandum, the write off this year on that account is 190 lakhs, of which it is expected to recover 50 lakhs by the sale of released materials. In respect of these lines, it has been calculated that there is now available in the depreciation fund a sum of 40 lakhs. There is thus an uncovered balance of 1 crore, which will be met by the proposed withdrawal from the reserve fund. The balance in the railway reserve at the end of the year is thus estimated to be about 4·12 crores.

7. The net expenditure on renewals and replacements chargeable to the depreciation fund is now expected to be a little over 8¼ crores against the contribution to the fund of about 12⅝ crores. The actual balance at the end of the year will be about 35 crores. The nominal balance will be about 65½ crores.

8. At the end of 1940-41 the liabilities of railways to be met in subsequent years will amount to about 62·85 crores, of which 30·29 crores is the amount borrowed from the depreciation fund to meet deficits in certain past years and the rest 32·56 crores represents the unpaid balance of contribution due to general revenues.

1941-42.

9. In framing the original revenue estimate of the current year we observed that the lack of confidence we had felt in recent years in estimating railway earnings owing to the uncertainty of the international situation had not been diminished by the outbreak of war. In estimating for next year we feel that our most reliable guide lies in the figures of the present year. We have, however, thought it prudent not to assume a recurrence of the abnormally

high receipts in January 1941 referred to in paragraph 4 above and have therefore fixed our budget figure of receipts at a crore less than our revised estimate for the current year, *viz.*, at 108¼ crores.

10. Our working expenses show an increase of nearly 1·9 crores mainly on account of the provision made for the possible payment of dearness allowance to certain low paid staff referred to in paragraph 5 above, increased repairs and maintenance, further rise in price of materials and a change in the method of adjustment of provident fund contribution on certain railways.

11. Net traffic receipts, after meeting working expenses, are thus expected to be about 2·9 crores less than this year. Interest charges too are slightly less.

The net result arrived at is a surplus of about 2¾ crores less than the current year, *i.e.*, 11·83 crores against 14·59 crores in the current year.

12. Out of this surplus, a sum of 4·8 crores is payable as the one per cent. contribution to general revenues. Of the remainder a sum of 1⅓ crores is required under the convention to be transferred to general revenues and 5⅔ crores would then, if the provisions of the moratorium were availed of, be available for transfer to the railway reserve. For the reason indicated in para. 6 above, it is, however, proposed that, after setting aside 1·25 crores representing one-fifth of the estimated surplus over and above the contribution of 1 per cent. payable in 1943-44 on the results of the year 1941-42 (*vide* calculations in Appendix XII), the balance available for transfer to the railway reserve should be apportioned in the manner described in para. 6 above in respect of the current year. General revenues will thus receive a further sum of 2·22 crores which will be regarded as a part repayment of the arrears of contribution. They will also receive the advance payment of 1·82 crores, mentioned in para. 6. The total payment to general revenues in 1941-42 will, therefore, according to present estimates, amount to 10·18 crores, *vide* the following details :—

	Crores.
Contribution calculated on the results of 1939-40 . . .	4·80
One-third of the excess of the surplus in 1941-42 over 3 crores .	1·34
Payment towards arrears of contribution due from railways in respect of past years	2·22
Advance payment against the contribution for 1942-43 . .	1·82
Total .	10·18

The balance at the end of the year in the railway reserve is thus estimated to be about 5¾ crores.

13. The appropriation to the depreciation fund in 1941-42 will be about 12¾ crores. The withdrawals from the fund are likely to amount to over 6¾ crores. The net accretion to the fund during the year will thus be a little less than 6 crores and the balance at the end of the year will amount to 41 crores. The nominal closing balance is expected to be about 71⅓ crores.

14. At the end of 1941-42 the liabilities of railways to be met in subsequent years will amount to 60·63 crores, *i.e.*, 30·29 crores on account of the amount borrowed from the depreciation fund and 30·34 crores on account

of the unpaid balance of the contribution due to general revenues. The details are as follows :—

(In crores of rupees.)

	Loan from depreciation fund.	Unpaid contribution to general revenues.
1931-32	4·25	5·36
1932-33	10·23	5·23
1933-34	7·96	5·21
1934-35	5·06	5·01
1935-36	4·00	1·99
1936-37	1·21	4·91
1937-38	..	1·58
1938-39	..	3·05
1939-40	..	0·30
1940-41 (Revised)	..	3·11
1941-42 (Budget)	..	2·22*
Total	30·29	30·34*

15. The following table compares certain financial statistics for 1940-41 and 1941-42 with those for the previous five years :—

	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Estimate. 1940-41	Estimate. 1941-42.
Percentage of net traffic receipts to capital at charge	3·4	4·1	4·3	4·0	4·3	5·6	5·2
Percentage of working expenses (including depreciation) to gross traffic receipts	70·4	66·2	66·2	67·8	66·4	61·1	63·4
Percentage of working expenses (excluding depreciation) to gross traffic receipts	55·8	52·5	53·0	54·5	53·5	49·5	51·7

These figures indicate the position of Indian railways as a dividend-paying concern. It is usual to give here for comparison the dividends declared by certain important foreign railways. These figures for 1939 are not available except for Class I Railroads, United States, which it is observed, have declared a dividend of 2·26 per cent. for 1939. The dividends for 1938 for certain other foreign railways were given in this memorandum last year.

16. The results of the working of Indian railways from the separation of the railway from the general budget in 1924 to the end of 1939-40 are given in detail in Section B of Chapter II of Volume I of the Administration Report on Railways for 1939-40. It was stated in this memorandum last year that the tendency of working expenses to increase had been gravely accentuated by war conditions. The provision for dearness allowance now included in the estimates is a noteworthy feature of this increase.

* NOTE.—This does not take account of the advance payment of the sum of 1·82 crores (estimated) to be made in 1941-42 against the contribution for 1942-43.

PART II

17. The proposed figures for 1940-41 are compared in the statement below with the budget estimate and the actual results of 1939-40 :—

Particulars.	(In lakhs of rupees.)	1940-41.	
	Accounts, 1939-40.	Budget.	Revised.
Traffic Receipts.			
Gross traffic receipts--			
State lines	97,65	1,03,00	1,09,25
Worked lines	5,08	5,19	5,47
Total working expenses (including depreciation)--			
State lines	64,85	66,64	66,71
Worked lines	2,51	2,62	2,56
Net receipts of worked lines payable to them .	2,57	2,57	2,91
A.—Net traffic receipts (State lines) .	32,80	36,36	42,54
Miscellaneous.			
Total miscellaneous receipts	1,71	1,96	1,99
Total miscellaneous expenditure . . .	1,07	1,21	1,20
B.—Net miscellaneous receipts	64	75	79
Net railway revenues (A+B).	33,44	37,11	43,33
Interest charges	29,11	28,82	28,74
Surplus . . .	4,33	8,29	14,59

Traffic Receipts.

18. Our receipts have, from the beginning of the current year, been substantially greater than last year, though the proportion of increase has fluctuated from month to month. Up to the end of November, it varied within limits of 10 to 17 per cent. above last year's figure. In December, it fell to a little below 5 per cent., which meant that the volume of traffic was actually lower than last year, as the effect of enhancement of rates and fares on the same volume of traffic would have given us a little over 6 per cent. The approximate figures available for January show, however, that there has been a very substantial recovery.

19. It will be remembered that the rates and fares were raised as follows with effect from the 1st March 1940 :—

(*i*) Two annas in the rupee in the total freight (including terminals and other such charges) on each consignment of goods traffic, excluding coal, coke, patent fuel, military traffic, railway materials and stores on revenue account, food grains, fodder and manures ;

(*ii*) Two annas in the rupee of the total freight on each consignment of coaching traffic other than passenger ;

(*iii*) One anna per rupee of fare for all passenger traffic, except for fares of one rupee and less.

The surcharge on coal, coke and patent fuel was also increased from 12½ per cent. with a maximum of one rupee per ton to 15 per cent. without maximum, and this surcharge was further increased to 20 per cent. from the 1st November to the end of the financial year. The effect of these enhancements by themselves is expected to be an increase of about 6 per cent. over the receipts of last year.

20. We now expect that the total receipts for the current year will reach 109·25 crores as against 97·65 last year and 103·00 taken as our original budget estimate for the current year. Half of the estimated increase over last year's figures is expected to accrue from goods traffic and the other half from passenger and other traffic, passenger earnings accounting for about 3 crores.

21. The details of the estimates are given below :—

(In lakhs of rupees).

Particulars.	Accounts, 1939-40.	1940-41. Budget.	1940-41. Revised.
Passenger earnings	27,78	28,25	30,80
Other coaching traffic earnings	5,41	5,24	6,67
Goods earnings	68,07	72,50	74,60
Other earnings	2,26	2,20	2 38
Suspense	—·79	..	27
Total	1,02,73	1,08,19	1,14,72
Share of worked lines	—5,08	—5,19	—5,47
Receipts of State-owned lines	97,65	1,03,00	1,09,25

22. In framing our revised estimates of passenger earnings for 1939-40 and our budget for this year, we took an increase of only 90 lakhs in the current year over the last (27·35 crores for 1939-40 and 28·25 crores for 1940-41) Our estimate for last year proved to be an under-estimate, the actual earning being 27·78 crores. There has been steady improvement in the passenger earnings from the beginning of the current year and our present anticipations are that the total passenger earnings will be about 2½ crores above the original estimate.

23. The improvement in other coaching earnings has been even better than in passenger earnings, though there has been some violent fluctuation. The earnings continued to rise from the beginning of the year till after a slight drop in June, they reached their highest point in August 1940. From September, though the earnings are keeping above the level of last year, the increase is not so great. In coaching earnings other than passenger, we now anticipate an increase of about 1¼ crores over last year and about 1½ crores over our original budget estimate.

Of the increases referred to in the foregoing paragraphs about 1¾ crores is attributable to the enhancement of rates and fares brought into force from 1st March 1940.

24. Goods earnings also have shown an increase from the commencement of the year, though the percentage of increase was not steady throughout. April, May, July and October disclosed an increase in the neighbourhood of 15 per cent.; August 11 per cent.; June and September 8 per cent. and November 6 per cent., while the lowest point was touched in December at 1 per cent. January 1941 showed a betterment of about 15 per cent. as compared with the last year.

As regards the variation in earnings from the movement of different commodities, an increase of about a crore has accrued from coal and other marked increases are from sugar, metallic ores, oilseeds, gur, jaggery and molasses, cotton and tobacco. Rice has shown a marked decline, and there has been a slight falling off in raw jute.

Our present anticipations of goods earnings are about 6½ crores over last year and about 2 crores over our original budget estimate. Of the increase over last year, about 5 crores is attributable to the enhancement in rates brought into force from 1st March 1940.

25. The total train mileage of State-owned railway systems increased from 179·05 millions in 1938-39 to 180·44 in 1939-40 an increase of ·77 per cent., while the passenger train miles decreased from 109·05 millions to 106·94 millions, *i.e.*, a decrease of about 1·97 per cent. The goods train miles increased from 70·25 millions to 73·74 millions, *i.e.*, an increase of about 4·98 per cent.

The number of passengers carried increased by about 1 million but the passenger miles decreased by about 1·25 per cent., due to the average lead of a passenger journey having fallen from 34·3 in 1938-39 to 33·9 in 1939-40. There was a decrease of 23 lakhs under passenger earnings, or ·82 per cent.

In regard to goods traffic, the freight tons increased from 80·56 millions in 1938-39 to 84·15 millions in 1939-40 or an increase of about 4·5 per cent. and the freight ton miles from 21,161 millions to 22,398 millions or an increase of about 5·8 per cent., due mainly to a rise in the volume of traffic handled and slightly to an increase in the average lead which rose from 190 miles in 1938-39 to 192 in 1939-40. The goods earnings rose from 64·38 crores in 1938-39 to 68·07 crores in 1939-40. The increase in train miles is chiefly under goods which is attributable to an increase in the tonnage of goods as well as freight ton miles as compared with the previous year.

Working Expenses.

26. The details are as follows :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	1940-41 Budget.	1940-41 Revised.
A.—Maintenance of structural works	8,13	8,25	8,04
B.—Maintenance and supply of locomotive power	18,08	18,75	18,74
C.—Maintenance of carriage and wagon stock	5.84	6,48	6,40
D.—Maintenance and working of ferry steamers and harbours.	29	28	30
E.—Expenses of traffic department	10,04	10,25	10,44
F.—Expenses of general department.	4,11	4,13	4,16
G.—Miscellaneous expenses	4,51	4,52	4,65
H.—Expenses of electrical department	3,81	3,94	3,85
Suspense	—4	..	5
Total ordinary working expenses	54,77	56,60	56,63
Depreciation	12,59	12,66	12,64
Total working expenses	67,36	69,26	69,27
Recoveries from worked lines	—2,51	—2,62	—2.56
Net working expenses of State-owned lines	64,85	66,64	66,71

27. Our present estimate of the total working expenses of the current year (including depreciation) shows an increase of nearly 2 crores over last year, but is practically the same as the original budget estimate. In considering the increase over last year, it should be borne in mind that our revised estimate of traffic earnings for the current year is about 4¾ crores above the actual earnings of last year, excluding the effect of the enhancement of rates and fares made from 1st March 1940. The total train miles expected now to be run this year are also about 13 lakhs more than last year.

28. The principal causes of the increase on last year's figure are briefly as follows :—

(*i*) The additional provision made for the reasons given in paragraph 5 above (50 lakhs).

(*ii*) the general rise in price of materials consumed in repairs and maintenance account for an increase of about 42 lakhs.

(*iii*) the cost of coal and freight on coal are together expected to increase by about 29 lakhs—the former on account of larger consumption of coal as well as rise in price, and the latter on account of larger stocking.

(*iv*) it will be remembered that with a view to the avoidance of over-capitalisation, the Government of India, with the approval of the Standing Finance Committee for Railways, decided that with effect from 1st April 1940 the then existing limit of Rs. 2,000 for new minor works should be raised to Rs. 10,000. The effect of this has been an additional expenditure from revenue of 25 lakhs.

(*v*) increased repairs to assets, including the shifting of ghats and ghat lines and repairs to flood damages on the Eastern Bengal Railway, account for 62 lakhs.

(*vi*) the payment this year for Diesel cars on the North Western Railway involves an addition of 14 lakhs.

(*vii*) expenditure on gratuities is expected to increase by 11 lakhs.

Against the above increases, there is a substantial decrease of 48 lakhs due to the adjustment in 1939-40 of the entire balance due to the depreciation fund on account of Hardinge Bridge protection works. There is also expected to be a saving of 17 lakhs on account of the closing of the Chola Power House on the Great Indian Peninsula Railway, but this is set off by a number of items of increase, *e.g.*, the introduction of the Hours of Employment Regulations, additional staff for increased traffic, and extension of provident fund concessions to certain low paid staff.

29. As already stated, the revised estimate of working expenses is practically the same as the original budget estimate. The effect of the general rise in the price of materials has turned out to be less serious than was originally anticipated. It is expected to be now 42 lakhs against the original estimate of 92. The provision (15 lakhs) we made originally for the annual instalment of the repayment to the depreciation fund of the loan taken from it in 1933 to meet the special repairs to the Hardinge Bridge is not now required, as after the budget was framed last year, it was decided to pay off the whole of the outstanding balance in 1939-40.

Taking the above two items into consideration, there is expected to be a real increase over the original estimate of 65 lakhs. This increase is mainly accounted for by the provision we are now making for dearness allowance to low paid staff, and for additional working expense including an increase in the coal and freight bill on account of increased consumption and increased stocking.

30. A more detailed explanation of the variations under each of the heads of expenditure under which working expenses are shown will be found in the memoranda placed before the Standing Finance Committee for Railways and printed as part of the proceedings of their meetings on the 28th and 29th of January 1941, Volume XVII, No. 5.

31. The amount required for the depreciation fund is expected to be 5 lakhs more and 2 lakhs less than the actuals of last year and the budget of the current year respectively. The amount is calculated at $\frac{1}{60}$th of the capital at charge at the end of the previous year, and the latter variation is due to the fact that the capital at charge at the end of 1939-40 was less than that estimated at the time of framing the budget for the current year.

Miscellaneous.

32. The net result of all miscellaneous transactions is a net receipt of 79 lakhs, which is 4 lakhs more than our original estimate and 15 lakhs more than the net receipts of last year. This is mainly due to the increase in the interest received on the balance in the depreciation fund. The receipt on account of the interest on the railway reserve fund is counterbalanced by the increased surplus profits payable to Indian States and railway companies, the net earnings of the lines being more in 1939-40 than in 1938-39.

The details are given below :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	1940-41. Budget.	1940-41. Revised.
Miscellaneous receipts.			
Government share of surplus profits from subsidised companies, guarantee from Provincial Governments etc.	14	13	15
Interest on depreciation reserve fund balances	1,28	1,47	1,47
Interest on reserve fund		6	8
Dividends on investments in branch lines and other miscellaneous receipts	18	19	18
Receipts from railway companies for supervision, audit and control.	11	11	11
Total miscellaneous receipts	1,71	1,96	1,99
Miscellaneous expenditure.			
Surplus profits payable to Indian States and railway companies.	35	41	48
Rebate and rental	9	9	9
Miscellaneous charges and subsidy	63	71	63
Total miscellaneous expenditure	1 07	1,21	1,20
Net miscellaneous receipts	64	75	79

Interest Charges.

33. Interest charges are expected to be 37 lakhs less than last year and just 8 lakhs less than the original budget. The former is due to the effect of the fall in the rate of interest (from 4·60 to 4·43 per cent.) counterbalanced by the interest on further capital outlay. The latter variation is due to the fall in the rate of interest below the rate adopted for the original budget (4·43 per cent. against 4·45 per cent.).

1941-42.

34. The principal figures of the budget estimate for 1941-42 are compared in the statement below with the revised estimates for 1940-41 and the actual results of 1939-40 :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Traffic Receipts.			
Gross traffic receipts—			
State lines	**97,65**	**1,09,25**	**1,08,25**
Worked lines	5,08	5,17	5,53
Total working expenses (including depreciation)—			
State lines	**64,85**	**66,71**	**68,60**
Worked lines	2,51	2,56	2,62
Net receipts of worked lines payable to them	2,57	2,91	2,91
A.—Net traffic receipts (State lines)	**32,80**	**42,54**	**39,65**

Particulars.	Accounts. 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
	(In lakhs of rupees.)		
Miscellaneous.			
Total miscellaneous receipts	1,71	1,99	2,24
Total miscellaneous expenditure	1,07	1,20	1,46
B.—Net miscellaneous receipts	64	79	78
Net railway revenue (A + B)	33,44	43,33	40,43
Interest charges	29,11	28,74	28,60
Surplus	4,33	14,59	11,83

Traffic Receipts.

35. In Part I of this memorandum we have alluded to the element of speculation that must be involved in the framing of traffic estimates in present conditions and have assumed generally that the conditions of the current year will continue. No changes in the rates and fares are at present contemplated. For the reason given in paragraph 9 of this memorandum, we have however taken our budget figure one crore less than our revised estimate, *viz.*, at $108\frac{1}{4}$ crores.

36. The details of the estimates are given below :—

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
	(In lakhs of rupees.)		
Passenger earnings	27,78	30,80	30,71
Other coaching traffic earnings	5,11	6,67	6,65
Goods earnings	68,07	74,60	74,13
Other earnings	2,26	2,38	2,30
Suspense	—79	27	—1
Total	1,02,73	1,14,72	1,13,78
Share of worked lines	—5,08	—5,47	—5,53
Receipts of State-owned lines	97,65	1,09,25	1,08,25

Working Expenses.

37. The estimate of working expenses is compared with the previous two years in the following statement :—

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
	(In lakhs of rupees.)		
A.—Maintenance of structural works	8,13	8,04	8,52
B.—Maintenance and supply of locomotive power	18,08	18,74	19,15
C.—Maintenance of carriage and wagon stock	5,84	6,40	6,61
D.—Maintenance and working of ferry steamers and harbours	29	30	33
E.—Expenses of traffic department	10,04	10,41	11,07
F.—Expenses of general department	4,11	4,16	4,25
G.—Miscellaneous expenses	4,51	4,65	4,52
H.—Expenses of electric department	3,81	3,85	3,78
Suspense	—4	5	31
Total ordinary working expenses	54,77	56,63	58,54
Depreciation	12,59	12,64	12,68
Total working expenses	67,36	69,27	71,22
Recoveries from worked lines	—2,51	—2,56	—2,62
Net working expenses of State-owned lines	64,85	66,71	68,60

38. Our estimate of working expenses (excluding depreciation) is nearly 2 crores more than in the current year. The most important item in this increase is the provision for the payment of dearness allowance for the whole year instead of a part in the current year.

The procedure regarding the adjustment of contribution to the provident fund has been different on three railways from that on others. While on the latter railways the contribution due for each half year is made in the accounts of that half year, on the former the adjustment is being made at present in the subsequent half year. The procedure on these three railways is being altered so as to bring it into line with that on others. This means that three adjustments will have to be made in the next year instead of two. This accounts for an extra expenditure of about 26 lakhs.

A further rise is anticipated in the price of materials next year and is expected to involve an additional expenditure of 16 lakhs.

Provision for extension of the provident fund concession to certain low paid staff has to be made for a full year instead of a part. This involves an additional expenditure of 7½ lakhs. The rest of the increase is accounted for by heavier repairs and maintenance.

Miscellaneous.

39. The table below gives the usual details of miscellaneous receipts and expenditure :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Receipts.			
Government share of surplus profits from subsidised companies, guarantee from Provincial Governments, etc.	14	15	13
Interest on depreciation reserve fund balances	1,28	1,47	1,64
Interest on reserve fund	..	8	19
Dividends on investments and other miscellaneous receipts	18	18	18
Receipts from railway companies for supervision, audit and control	11	11	10
Total	1,71	1,99	2,24
Expenditure.			
Surplus profits payable to Indian States and Railway Companies	35	48	73
Rebate and rental	9	9	8
Miscellaneous charges and subsidy	63	63	65
Total	1,07	1,20	1,46
Net miscellaneous receipts	64	79	78

40. The net receipts expected for the next year are practically the same as those of the current year, the variations under receipts and expenditure counterbalancing each other.

41. Next year we expect a reduction of 14 lakhs in interest charges as compared with the current year, mainly on account of the fall in the rate of interest from 4·43 to 4·31 per cent.

PART III.

Commercial Lines.

42. The statement below gives the relevant figures for commercial lines separately :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
Traffic Receipts.			
Gross traffic receipts—			
State Lines	**96,25**	**1,07,63**	**1,06,63**
Worked Lines	5,08	5,47	5,53
Total working expenses (including depreciation)—			
State Lines	**62,95**	**64,76**	**66,62**
Worked Lines	2,51	2,56	2,62
Net receipts of worked lines payable to them .	2,57	2,91	2,91
A.—Net traffic receipts (State lines) . .	**33,30**	**42,87**	**40,01**
Miscellaneous.			
Total miscellaneous receipts	**1,60**	**1,87**	**2,11**
Total miscellaneous expenditure . . .	**1,07**	**1,20**	**1,46**
B.—Net miscellaneous receipts . . .	**53**	**67**	**65**
Net railway revenue (A+B)	**33,83**	**43,54**	**40,66**
Interest charges	**27,80**	**27,46**	**27,34**
Gain .	**6,03**	**16,08**	**13,32**

The final result for 1941-42 is expected to be a surplus of 13·32 crores against a surplus of 16·08 crores in 1940-41 and a surplus of 6·03 crores in 1939-40.

PART IV.

Strategic lines.

43. The statement below gives the relevant figures for strategic lines seperately :—

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Gross traffic receipts	1,40	1,62	1,62
Working expenses	1,33	1,39	1,42
Depreciation	57	56	56
Total working expenses	1,90	1,95	1,98
A.—Net traffic receipts	—50	—33	—36
Miscellaneous receipts.			
Interest on balances of depreciation fund	11	12	13
Miscellaneous expenses	..	..	..
B.—Net miscellaneous receipts	11	12	13
Net revenue (A+B)	—39	—21	—23
Interest charges	1,31	1,28	1,26
Net loss in working	1,70	1,49	1,49

Owing to the anticipated increase in traffic receipts, the loss in working both in the current year and in the following year is expected to be lower than in 1939-40.

In calculating the interest on depreciation fund balances, it is assumed that the fund in respect of strategic lines has remained intact, in that the deficits in the years 1931-32 to 1935-36 were met from the depreciation reserve fund relating to the commercial section. Interest on the accumulated losses on the strategic section is deducted from the contribution payable to general revenues.

PART V.

Works expenditures not charged to Revenue.

1940-41.

44. Our works programme for the current year was anticipated to involve an outlay of about 13⅔ crores, but in the light of past experience, we provided only 11¼ crores as we considered it improbable that the full amount would be utilized. Of this amount, 4¼ crores was to be an addition to capital and the balance of 7 crores was to be found from the depreciation fund. Our present anticipations are that our total expenditure, including 1¾ crores on account of the purchase price of the Bengal Doars Railway, which was not originally budgetted for, will amount to a little over 10½ crores, of which about 2¼ crores will be charged to capital and the balance to the depreciation fund. This estimate takes into account 190 lakhs which it is proposed to write back from capital on account of the original cost of certain branch lines dismantled this year. Of this sum however, as explained in paragraph 6 of this memorandum, 1 crore will be met by withdrawal from the railway reserve, leaving 90 lakhs debitable to the depreciation fund, which is expected to receive a credit of 50 lakhs on account of the material released from the lines in question. A further sum of 41 lakhs is also being written off capital by debit to the depreciation fund on account of abandoned assets on State-managed commercial lines. Detailed information is given in the memoranda placed before the Standing Finance Committee in their meetings on the 28th and 29th January 1941 (*vide* Proceedings, Volume XVII, No. 5).

1941-42.

45. For 1941-42, our programme provides for a total expenditure of a little over 19·3 crores, excluding about 1⅓ crores representing the credits for material returned from works not charged to revenue, or 18 crores including such credits. Of the total, about 67¼ lakhs is for increase in the stores balances of railways.

No expenditure is expected on new construction projects except a nominal amount of 11 thousand, which is required for closing the accounts of the Sind Right Bank Feeders Railway.

Under open line works, a sum of about 4¾ crores has been provided for the purchase of the Assam Bengal and the Bombay, Baroda and Central India Railways. A rough distribution of the rest of the total provision is track renewals 6 crores, bridge work a little over ¾ crore, of which 7½ lakhs is for protection works to the Hardinge Bridge, other structural works 2½ crores and rolling stock a little over 4½ crores. Locomotives and boilers cost about 181 lakhs, carriages 89 lakhs, wagons about 169 lakhs and ferries 18 lakhs. The total number of wagons provided for is 2,265, of which 1,550 are broad gauge general service wagons to be added to the general pool, and represent replacements of wagons already scrapped. Of the others 603 are also replacements.

Though the total programme amounts to 18 crores, we consider it improbable that, in the conditions created by the war, the full amount will be spent and with this consideration in view we have made a deduction in the estimate, equivalent to about 19 per cent. of the total amount excluding the purchase price for the Assam Bengal and the Bombay, Baroda and Central India Railways.

The net cash expenditure which we anticipate is a little over 15½ crores, of which about 6¾ crores will be met from the depreciation fund.

46. In conclusion, we desire to acknowledge the valuable assistance we have received, as usual, from the members of the Standing Finance Committee for Railways during the year.

L. WILSON,

Chief Commissioner of Railways.

NEW DELHI;

The 12th February 1941.

B. M. STAIG,

Financial Commissioner of Railways.

APPENDIX I.

Capital Expenditure.

The total expenditure charged to capital and to the depreciation fund on State-owned railways in the three years 1939-40 to 1941-42 is set out in the table below :—

	Accounts, 1939-40.	1940-41.		Budget, 1941-42.
		Budget.	Revised.	
England—				
Sterling payments. £	1,752,264	1,200,000	2,312,550	4,925,025
Converted into rupees at 1s. 6d. to the rupee. Rs.	2,33,63,526	1,60,00,000	3,08,34,000	6,56,67,000
Exchange . . Rs.	1,25,508	..	54,000	..
Total England . Rs.	2,34,89,034	1,60,00,000	3,08,88,000	6,56,67,000
India—				
Payments in India Rs.	8,65,99,406	9,65,00,000	7,46,12,000	8,98,44,000
Total England and India. Rs.	11,00,88,440	11,25,00,000	10,55,00,000	15,55,11,000

The distribution of the above between capital and depreciation fund is as follows :—

Capital . . .	4,48,09,548	4,25,00,000	2,29,00,000	8,75,11,000
Depreciation Fund .	6,52,78,892	7,00,00,000	8,26,00,000	6,80,00,000

Open Line Works.

2. *Engineering, structural and other works.*—The following is the distribution of the proposed expenditure among the various classes of works comprised in this group :—

(Figures in thousands of rupees.)

	Capital.	Depreciation Fund.	Total.
(1) Track	81,74	5,13,67	5,95,41
(2) Bridges	27,52	46,36	73,88
(3) Traffic facilities	39,91	12,06	51,97
(4) Workshops and Loco. sheds	28,36	13,19	41,55
(5) Staff quarters	15,20	97	16,17
(6) Welfare works	7,52	5	7,57
(7) Electric installations	12,72	4,58	17,30
(8) Signalling and interlocking	22,33	9,43	31,76
(9) Electrification of track	3	33	36
(10) Removal of infringements	10	37	47
(11) Collieries	—5,23	..	—5,23
(12) Emergencies	4,23	2,00	6,23
(13) Other works	47,04	29,90	76,94
(14) Hardinge Bridge protection and training works	7,52	..	7,52
(15) Suspense (Increase in stores balances)	67,32	..	67,32
(16) Purchase of Assam Bengal Railway	2,00,00	..	2,00,00
(17) Purchase of Bombay, Baroda and Central India Railway	2,86,77	..	2,86,77
(18) Credits for released materials	..	—1,30,28	—1,30,28
Total	8,43,08	5,02,63	13,45,71

(1) *Track.*—The development which has occurred in the weight and power of locomotives to meet the needs of traffic requires a steady expenditure on the strengthening and improvement of the standard of track. Moreover, the recommendations of the Pacific Locomotive Committee drew special attention to the necessity of having a minimum weight of 90 lb. per yard for rails in the main lines of broad gauge railways. As most railways have in portions of their main lines rails of less than this weight, a policy of relaying these sections is being pursued, and a provision of about Rs. 5,95 lakhs, which is about Rs. 51 lakhs more than that allowed for during the current year, has been made for track. This expenditure will, however, be subject to the availability of steel during the present war conditions.

(2) *Bridges.*—Most of the expenditure proposed under this head is on works already in progress, and includes a sum of Rs. 2·82 lakhs for the rebuilding of the road overbridges at Chitpore, Beliaghatta and Barrackpore and for making a start on the rebuilding of the road overbridge at Belgachia, which are all on the Eastern Bengal Railway. The following are the more important of the bridge renewals proper on which it is proposed to incur substantial expenditure during the year :—

(i) *Renewal of girders on the Narbada Bridge at Mortakka on the Bombay, Baroda and Central India Railway.*—The estimated cost of the work is about Rs. 18 lakhs, of which a sum of a little over Rs. 3·3 lakhs is expected to be spent up to the end of 1940-41, and a provision of Rs. 14·5 lakhs has been made for completing the work during 1941-42.

(ii) *Regirdering the Dufferin Bridge at Benares, East Indian Railway.*—The Railway portion of the work is estimated to cost about Rs. 62 lakhs. In view of the condition of the bridge and the fact that its strength is not up to the standard laid down, and that therefore traffic restrictions have to be imposed, its regirdering has become essential. The scheme provides for double line girders to M. L. Standard together with a separate overhead roadway 25′ wide and two foot-paths 4′ wide on each side. A sum of Rs. 11·90 lakhs is expected to be spent by the end of the current year and a provision of Rs. 25·20 lakhs is being made for the work during 1941-42, leaving the balance for future years.

(3) *Traffic facilities (including signalling and interlocking works).*—As in the case of bridges, most of the expenditure proposed under these heads is for completing or maintaining progress on works started in earlier years. Among the new schemes on which expenditure is proposed are the remodelling of Jukehi station yard, improvements to Byculla Goods Depot on the Great Indian Peninsula Railway, and the provision of a new station (Kings Circle) between Mahim and Wadala to serve the population of the Dadar-Matunga and Matunga-Sion areas at Bombay. For these works a total provision of Rs. 4·52 lakhs has been made. A provision of Rs. 3·48 lakhs has been made for new additional facilities at Benares Cantt. and on the Central India Coalfields section of the East Indian Railway.

In addition, a substantial portion of the proposed expenditure on traffic facilities next year is for works intended to remove congestion on certain sections which are overtaxed at present. These are the Ondal-Khana section of the East Indian Railway and the Dum Dum-Majherhat section of the

Eastern Bengal Railway. The necessity for these works is briefly explained below :—

(i) *Provision of second down line between Ondal and Khana, East Indian Railway.*—The section between Ondal and Khana is a double line one between two sections, one of which has four lines and the other three lines. It has thus proved a bottle neck in the free flow of traffic. The position has become acute and it is necessary to provide a third line on the section in question. The entire work will cost nearly Rs. 38 lakhs and it is proposed to carry it out in 3 stages. The anticipated cost of stage I is Rs. 18·95 lakhs, of which Rs. 7·95 lakhs will be spent in the current year and the balance in 1941-42. The estimated cost of stages II and III is Rs. 18·83 lakhs, of which Rs. 14 lakhs will be spent in 1941-42 and the balance in the following year.

(ii) *Elimination of 1 in 193 grade near M. 5B, Eastern Bengal Railway and modification of layout and signalling between Kakurgachi and M. 5B.*

(iii) *Automatic signalling on Dum Dum-Majherhat section.*

These works which are estimated to cost Rs. 4·95 lakhs in all, are intended to relieve congestion on the Dum Dum-Majherhat section of the Eastern Bengal Railway. The remedy originally contemplated was the addition of extra tracks which would have cost Rs. 16 lakhs or Rs. 20 lakhs according as one or two tracks were added. The present proposals offer a much cheaper alternative and, it is believed, will meet the situation. A sum of Rs. 1·2 lakhs is expected to be spent during the current year and provision for the balance has been made during 1941-42.

The new works of interlocking and signalling for which provision has been made are the following :—

(i) *Improvement of signalling and interlocking on the Katni Branch, Bengal Nagpur Railway.*—This work is estimated to cost Rs. 3·14 lakhs and a provision of Rs. 1 lakh has been made for 1941-42.

(ii) *Reconditioning and improvement of signalling and interlocking at 9 stations on Adra and Chakardharpur Districts, Bengal Nagpur Railway.*—A provision of Rs. 2·02 lakhs has been made for this work which will be completed during 1941-42.

The rest of the provision under this head is in respect of signalling works already in progress, a fair number of which, it is expected, will be completed in the year.

(4) *Workshops, stations and other buildings.*—The important works on which expenditure is proposed are detailed below :—

(i) *Facilities required and reorganisation in the wagon shops at Ajmer (M. G.), Bombay, Baroda and Central India Railway.*—This is a new work and is estimated to cost Rs. 6 lakhs. A provision of Rs. 3·00 lakhs has been made for 1941-42.

(ii) *Kharagpur power house, Bengal Nagpur Railway.*—A sum of Rs. 2·89 lakhs has been made to complete the replacement of plant in 1941-42, and a further provision of Rs. 2·79 lakhs for renewing the boiler and the chimney of the power house.

(iii) *Improved facilities at Cawnpore Junction running shed, East Indian Railway, and additional quarters required consequent upon the concentration of goods and passenger engines at Cawnpore.*—This is a work in progress estimated to cost Rs. 3·12 lakhs in all. A sum of Rs. ·70 lakh is expected to be spent during 1940-41 and a provision of Rs. 2·42 lakhs has been made for its completion during 1941-42.

(iv) *Replacement of the power house plant at Jamalpur, East Indian Railway.*—The cost of this work, which is also in progress, is Rs. 3·60 lakhs of which a sum of Rs. 2·29 lakhs is expected to be spent in the current year. A provision of Rs. 1·30 lakhs has been made for it in the budget for 1941-42, leaving a small balance for the following year.

(v) *Remodelling central power house, Lucknow, East Indian Railway.*—This also is a work in progress and is anticipated to cost Rs. 1·79 lakhs, of which a sum of Rs. ·50 lakh is expected to be spent in the current year. A provision of Rs. 1·20 lakhs has been made for 1941-42.

(vi) *Rebuilding and enlarging shed No. 11 with realignment of the line delivery siding at Sealdah, Eastern Bengal Railway.*—This is a new work and is estimated to cost Rs. 1·95 lakhs. A provision of Rs. 1·50 lakhs has been made for 1941-42 leaving the balance to be spent in the following year.

(5) *Miscellaneous, other works.*—Other important works provided for are the following :—

(i) *Installation of Electric Flash Butt welding plant, East Indian Railway.*—As a result of experiments inspired by developments in other countries, it has been found that the welding of rails into longer individual units by the Flash Butt welding process will lead to better maintenance of track and an increase in the life of both rails and rolling stock, affording at the same time greater comfort to passengers and greater protection against sabotage. It is, therefore, proposed to provide a welding plant on the East Indian Railway at a cost of Rs. 2 lakhs which sum has been provided for during 1941-42.

(ii) *Water supply at Khargpur, Bengal Nagpur Railway, Cossye River scheme.*—A provision of Rs. 2·82 lakhs has been made to complete this scheme on which it is expected that about Rs. 1 lakh will have been spent by the end of 1940-41.

(iii) *Water arrangements at Rajahmundry, Madras and Southern Mahratta Railway.*—This is a new work anticipated to cost Rs. 1·40 lakhs which sum has been provided for in 1941-42.

(iv) *Plant for treatment of water for locomotive purposes on the main line Samasata-Karachi section, North Western Railway.*—This work is required to prevent the deterioration of engines resulting from the use in boilers of unsuitable water such as exists on certain sections of this railway. It is estimated that a total expenditure of 13·4 lakhs will be required on the whole Karachi-Lahore line on installing water softening plants and ancillary works at all the watering stations. An expenditure of Rs. 5 lakhs is proposed during 1941-42 for work on the section Samasata to Karachi.

This scheme is well justified financially, as with its installation substantial savings are expected to result in the cost of coal, in repairs to locomotives and in actual cost of the periodical washing out of locomotive boilers.

(v) *Retired alignment of the Bengal and North Western Railway main line between Thanabihpur and Narayanpur stations.*—This retired alignment of about 4 miles is intended to meet a threatened attack by the Ganges which has for some years been cutting its bank between the two stations and by the end of the 1939 monsoon had come to within 2,100 feet of the railway line at mile 48. A sum of Rs. 1·93 lakhs is required to complete the work. Of this, Rs. 1·31 lakhs have been provided for expenditure during 1941-42.

(vi) *Retired alignment between Abdulpur and Ishurdi, Eastern Bengal Railway.*—This work on the Eastern Bengal Railway is also intended to meet the situation which will be created if the Ganges cuts in further between these two stations which are about 9 miles apart. The cost of the retired alignment is estimated at Rs. 20 lakhs, of which Rs. 10 lakhs have been provided in 1941-42.

3. *Staff quarters.*—The following table shows the distribution of the proposed expenditure for the provision of quarters for the staff :—

(In thousands of rupees.)

Railways.	Officer's Quarters.		Other Quarters.		Total.
	Provision to complete bungalows under construction.	Provision for new bungalows.	Provision to complete quarters under construction.	Provision for new quarters.	
Assam Bengal .	..	..	..	5,23	5,23
Bengal Nagpur	10	..	90	50	1,50
Bengal & North Western.	..	..	1	64	65
Bombay, Baroda and Central India.	..	..	26	1,50	1,76
Eastern Bengal	..	..	10	50	60
East Indian .	.	..	10	1,47	1,57
Great Indian Peninsula.	..	..	55	..	55
Jodhpur . .	..	..	..	11	11
Madras and Southern Mahratta.	..	..	..	..	..
North Western.	..	..	10	69	79
Rohilkund and Kumaon.	..	..	22	1,09	1,31
South Indian .	..	..	1,10	1,00	2,10
Total .	10	..	3,34	12,73	16,17

4. *Amenities for Passengers.*—The statement below shows against each railway the expenditure proposed on the various categories into which these amenities are usually sub-divided :—

(In thousands of Rupees.)

Railways.	Improvement of latrines and sanitary arrangements.	Water supply to passengers.	Provision of lower class waiting rooms and waiting halls.	Provision of covered platforms.	Provision of refreshment rooms and tea stalls for lower class passengers.	Booking facilities.	Raised platforms.	Additional carriages to reduce overcrowding.	Improvements in existing carriages.	Any other objects to improve the amenities of lower class passengers.	Total.
1. Assam Bengal . .	3	71	2	...	...	...	...	...	...	...	76
2. Bengal Nagpur . .	25	...	10	...	10	...	...	...	3,26	2	3,73
3. Bengal and North Western.	5	5	17	...	5	5	...	...	...	...	37
4. Bombay, Baroda and Central India.	4	6	6	...	...	59	...	...	5	78	1,58
5. East Indian . .	12	...	3	...	...	...	16	...	...	...	31
6. Great Indian Peninsula.	3	50	5	...	2	6	102	...	...	...	1,68
7. Madras and Southern Mahratta.	5	5	...	...	...	...	...	...	...	26	36
8. North Western . .	...	19	...	...	...	...	...	...	...	...	19
9. South Indian .	5	5	...	34	11	...	14	...	...	2	71
TOTAL .	62	1,61	43	34	28	70	1,32	...	3,31	1,08	9,69

5. *Rolling Stock.*—Of the total amount (4·58 crores) provided for expenditure on rolling stock during 1941-42, 147·72 lakhs (of which 107·33 lakhs are from the Depreciation Fund) are for completion of works sanctioned in previous programmes. The expenditure on new 'items' is shown in the statement below. (In thousands of rupees.)

	Broad Gauge.			Metre Gauge.			Narrow Gauge.			Total.		
	Additions.	Renewals.		Additions.	Renewals.		Additions.	Renewals.		Additions.	Renewals.	
	Capital.	Capital.	Dep. Fund.	Capital.	Capital.	Dep. Fund.	Capital.	Capital.	Dep. Fund.	Capital.	Capital.	Dep. Fund.
I.—Locomotives—												
(*a*) Engines and Tenders.	39,75	..	..	..	2,00	6,77	..	..	..	39,75	2,00	6,77
(*b*) Boilers . .	..	20	45,49	35	..	5,65	..	..	16	35	20	51,30
(*c*) Miscellaneous expenditure.	..	—3,84	3,84	..	—1,17	—3,39	..	—43	43	..	—5,44	88
II.—Coaching Stock—												
(*a*) I and II class .	..	.	74	..	91	1,19	..	..	..	..	91	1,93
(*b*) Inter and III class.	..	1,61	10,12	..	27	2,63	..	..	..	..	1,88	12,75
(*c*) Composites . .	..	86	8,63	..	82	5,68	..	..	..	..	1,68	14,31
(*d*) Other coaches and miscellaneous expenditure.	16	—11,81	15,01	27	1,83	4,16	..	—62	62	43	—10,60	19,79
III.—Goods Stock—												
(*a*) General Service .	..	13,43	84,59	..	..	3,75	..	..	..	..	13,43	88,34
(*b*) Other types .	14,37	14,71	22,17	..	..	..	..	..	..	14,37	14,71	22,17
(*c*) Miscellaneous expenditure.	..	—2,95	2,95	17	—3	9	..	—67	67	17	—3,65	3,71
IV.—Ferries . . .	..	10,44	7,74	..	..	..	..	..	..	..	10,44	7,74
Total .	54,28	22,65	2,01,28	79	4,63	26,53	..	—1,72	1,88	55,07	25,56	2,29,69

The programme provides for the construction of new units of stock shown in the table below, all of which, however, will not necessarily be completed and be available for use before the 31st March 1941.

	Broad Gauge.			Metre Gauge.			Narrow Gauge.		
	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.	Additions.	Renewals.	Total.
	No.	No.	No.	No.	No.	No.	No.	No.	No.
1. Locomotives—									
(a) Engines & tenders .	21	..	21	..	9	9	..	..	..
(b) Boilers .	..	110	110	1	44	45	..	1	1
2. Coaching vehicles (in terms of 4-wheelers)—									
(a) I and II class	..	3	3	..	20	20	..	..	..
(b) Inter and III class.	..	116	116	..	46	46	..	..	..
(c) Composites .	..	64	64	..	76	76	..	..	..
(d) Other coaches	..	28	28	2	22	24	..	..	..
3. Goods wagons (in terms of 4-wheelers)—									
(a) General Service.	..	1,550	1,550	..	75	75	..	..	..
(b) Other types .	112	528	640	..	..	...	..	..	..

The programme contains provision for scrapping, without replacement, of 33 units of coaching stock on the Great Indian Peninsula Railway, 3 locomotives, 34 units of coaching stock and 4 units of goods stock on the Madras and Southern Mahratta Railway, and 7 locomotives, 58 units of coaching stock and 44 units of goods stock on the North Western Railway.

The following statement shows, in terms of four-wheelers, the details of the new units of coaching and goods stock which will be additions to the authorised stock of Railways:—

Railways.	Coaching Stock.	Goods Stock.	
	Metre Gauge.	Broad Gauge.	
	Other coaches.	General Service.	Other types.
East Indian	..	..	47
Madras and Southern Mahratta	2	..	..
Eastern Bengal	..	..	5
Great Indian Peninsula	..	..	25
North Western	..	..	35
Total .	2	..	112

6. *New constructions.*—No expenditure is proposed on new construction projects during 1941-42, except a small sum of Rs. 12,000 required by the North Western Railway for closing the accounts of the Sind Right Bank Feeders Railway. A credit of Rs. one thousand is expected on the South Indian Railway on account of relinquishment of land acquired for the Pollachi-Palghat Railway. The net expenditure under new constructions will, therefore, only be Rs. 11 thousand.

APPENDIX II.

Capital and Depreciation Fund expenditure on Open Lines and New Construction during 1941-42.

(Figures in thousands of rupees.)

Railways.		Open Lines.			New Construction.		
		Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
State Railways managed by the State.							
Eastern Bengal Railway	Capital	25,76	33,09	58,85	..	..	..
	Dep. Fund	*62,48*	*63,21*	*1,25,69*			
East Indian Railway	Capital	48,27	1,27,82	1,76,09	..	..	..
	Dep. Fund	*31,33*	*1,23,86*	*1,55,19*			
Great Indian Peninsula Railway.	Capital	4,06	20,69	24,75	..	..	..
	Dep. Fund	*15,04*	*43,80*	*58,84*			
North Western Railway Commercial Lines.	Capital	—7,29	43,42	36,13	12	..	12
	Dep. Fund	*14,67*	*75,51*	*1,20,18*	..	..	..
Strategic Lines	Capital	—1,50	11	—1,39	..	..	..
	Dep. Fund	*7,16*	*19,23*	*26,39*			
State Railway Collieries	Capital	..	—2,88	—2,88	...	..	..
Total—State Railways managed by the State.	Capital	69,30	2,22,25	2,91,55	12	..	12
	Dep. Fund	*1,60,68*	*3,25,61*	*4,86,29*			
State Railways managed by Companies or Indian States.							
Assam Bengal Railway	Capital	48	7,17	7,65	..	..	..
	Dep. Fund	*61*	*11,04*	*11,65*			
Bengal Nagpur Railway	Capital	17,73	40,33	58,06	..	..	..
	Dep. Fund	*52,07*	*65,31*	*1,17,38*			
Bezwada Extension	Capital	...	2	2	..	..	..
	Dep. Fund	...	..	..			
Bengal and North Western Railway.	Capital	3,90	5,34	9,24	..	..	..
	Dep. Fund	*9,05*	*4,81*	*13,86*			
Bombay, Baroda and Central India Railway.	Capital	13,50	25,17	38,67	..	..	..
	Dep. Fund	*65,33*	*45,18*	*1,10,51*			
Dhone Kurnool Railway	Capital	..	10	10	..	..	..
	Dep. Fund	..	*2*	*2*			
Jodhpur Railway	Capital	..	47	47	..	..	..
	Dep. Fund	*83*	*54*	*1,37*			
Madras and Southern Mahratta Railway.	Capital	4,21	25,98	30,19	..	..	...
	Dep. Fund	*33,51*	*24,06*	*57,57*			
Rohilkund and Kumaon Railway.	Capital	1,33	3,96	5,29	..	..	..
	Dep. Fund	*2,86*	*1,93*	*4,79*			
South Indian Railway	Capital	10,57	13,77	24,34	—1	..	—1
	Dep. Fund	*12,08*	*22,13*	*34,21*			
Total—State Railways managed by Companies or Indian States.	Capital	51,72	1,22,31	1,74,03	—1	..	—1
	Dep. Fund	*1,76,34*	*1,75,02*	*3,51,36*			
Total—All State Railways	Capital	1,21,02	3,44,56	4,65,58	11	..	11
	Dep. Fund.	*3,37,02*	*5,00,63*	*8,37,65*			

APPENDIX II—*concld.*

(Figures in thousands of rupees.)

Railways.	Open Lines.			New Construction.		
	Rolling stock.	Other items.	Total.	Lines in progress.	New lines.	Total.
Purchase of Assam Bengal and Bombay, Baroda and Central India Railways Capital	...	4,86,77	4,86,77	...	...	...
For emergencies . . . Capital .	...	4,23	4,23	...	...	...
Dep. Fund	...	*2,00*	*2,00*	...	...	...
Hardinge Bridge protection works. Capital	...	7,52	7,52	...	...	...
Total . Capital .	1,21,02	8,43,08	9,64,10	11	...	11
Dep. Fund	*3,37,02*	*5,02,63*	*8,39,65*			
Probable savings . . Capital .			—89,10			
Dep. Fund			*—1,59,65*			
Total Open Lines and New Constructions . Capital			8,75,00	11	...	11
Dep. Fund			*6,80,00*			

NOTE.—Figures in italics represent expenditure from the Depreciation Fund.

APPENDIX III.

Capital at charge of State-owned Railways.

(Figures in lakhs of rupees.)

Railways.	1939-40.	1940-41, Estimate.	1941-42, Estimate.
State Railways managed by the State.			
1. Eastern Bengal	51,77	54,08	54,63
2. East Indian	1,49,58	1,50,28	1,51,70
3. Great Indian Peninsula	1,14,21	1,13,09	1,13,29
4. North Western { Commercial	1,14,63	1,13,87	1,14,17
4. North Western { Strategic	33,82	33,82	33,80
Total	4,64,01	4,65,14	4,67,59
State Railways managed by Companies or Indian States.			
5. Assam Bengal	24,72	24,77	26,83
6. Bengal Nagpur	77,96	78,46	78,93
7. Bengal and North Western	10,36	10,38	10,46
8. Bezwada	18	18	18
9. Bombay, Baroda and Central India	74,25	74,59	77,78
10. Dhone Kurnool	28	28	28
11. Jodhpur	1,33	1,34	1,34
12. Madras and Southern Mahratta	53,40	53,57	53,81
13. Rohilkund and Kumaon	2,66	2,68	2,73
14. South Indian	46,25	46,32	46,52
15. Jorhat	13	13	13
Total	2,91,52	2,92,70	2,98,99
Miscellaneous			
15. State Railway Collieries	1,71	1,69	1,66
16. Other miscellaneous items	1,38	1,38	1,42
Total	3,09	3,07	3,08
GRAND TOTAL	7,58,62	7,60,91	7,69,66

APPENDIX IV.

Commercial and Strategic lines together.

(Excluding Burma Railways.)

(In lakhs of rupees.)

	1924-25. M.	1925-26. M.	1926-27. M.	1927-28. M.	1928-29. M.	1929-30. M.	1930-31. M.	1931-32. M.	1932-33. M.	1933-34. M.	1934-35. M.	1935-36. M.	1936-37. M.
Mileage { State-owned .	25,207	25,268	25,781	26,178	27,180	28,832	29,140	29,583	29,585	29,588	29,559	29,672	29,669
Mileage { Worked lines .	5,847	5,977	5,815	5,812	5,843	4,733	4,873	4,870	4,866	4,613	4,634	4,578	4,398
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs,
Gross traffic receipts. { State-owned .	95,84	94,01	93,81	98,40	98,78	97,83	90,82	82,89	81,10	83,06	86,48	87,04	91,79
Gross traffic receipts. { Worked lines .	7,34	7,12	6,77	7,18	7,27	6,47	4,99	5,07	4,86	5,13	5,28	5,37	5,53
Operating expenses. { State-owned	49,47	50,67	50,49	50,57	51,47	53,02	52,09	46,98	46,88	47,23	47,97	48,61	48,16
Operating expenses. { Worked lines	3,70	3,57	3,33	3,53	3,63	3,30	2,66	2,63	2,49	2,60	2,66	2,68	2,66
Depreciation Fund .	9,93	10,24	10,46	10,93	11,53	12,11	12,55	12,93	13,23	13,01	13,18	12,67	12,57
Payment to worked lines	3,64	3,55	3,44	3,65	3,64	3,17	2,33	2,44	2,37	2,53	2,62	2,69	2,87
Net traffic receipts (State Lines) . . .	36,44	33,10	32,86	36,90	35,78	32,70	26,18	22,98	20,99	22,82	25,33	25,76	31,06
Net miscellaneous receipts after deducting miscellaneous charges and surplus profits payable to Companies . .	—73	—78	—84	—55	6	12	—16	—5	87	87	37	74	—22
Net revenue . .	35,71	32,32	32,02	36,35	35,84	32,82	26,02	22,93	21,86	23,69	25,70	26,50	30,84
Interest charges . .	22,98	23,82	24,83	26,15	28,10	28,87	31,13	31,46	31,40	31,03	30,30	29,92	29,39
Surplus . . .	12,73	8,50	7,19	10,20	7,74	3,95	—5,11	—8,53	—9,54	—7,34	—4,60	—3,42	1,45

APPENDIX

Gross Traffic Receipts

Railways.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year.	27,002	27,090	27,664	28,086	29,111	30,878	*28,305*	31,197
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—								
Burma . .	4,29	4,93	4,61	5,03	4,95	4,87	*4,78*	4,28
Eastern Bengal	5,92	6,29	6,72	7,00	7,03	6,73	*6,62*	5,86
East Indian .	20,61	19,72	19,68	20,43	20,31	19,85	*20,10*	18,24
Great Indian Peninsula.	15,16	14,63	14,70	15,09	15,30	14,58	*14,91*	13,33
North Western—Commercial Lines.	15,13	13,70	14,04	14,89	14,23	14,39	*14,40*	14,98
Strategic Lines.	1,60	1,64	1,53	1,60	1,67	1,59	*1,60*	1,48
State Railways managed by Companies or Indian States—								
Assam Bengal .	1,44	1,64	1,76	2,05	2,07	2,05	*1,83*	1,96
Bengal Nagpur	8,38	8,38	8,20	9,16	9,12	9,31	*8,76*	8,17
Bombay, Baroda and Central India.	12,33	12,14	11,26	11,34	11,86	11,52	*11,74*	10,90
Jodhpur . .	29	26	21	25	21	25	*24*	23
Lucknow Bareilly	36	37	36	40	36	36	*37*	36
Madras and Southern Mahratta.	7,91	8,14	8,12	8,64	9.20	8,98	*8,50*	7,98
South Indian .	5,15	5,44	5,49	5,80	5,63	6,33	*5,64*	5.80
Tirhoot . .	1,47	1,56	1,70	1,67	1,70	1,74	*1,64*	1,40
Other Railways	9	10	6	8	9	15	*9*	13
Total .	1,00,13	98,94	98,42	1,03,43	1,03,73	1,02,70	*1,01.22*	95,10

V-A

(excluding worked lines)

(In lakhs of rupees.)

1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.	M.
31,640	31,642	31,644	31,619	*31,548*	31,732	31,729	29,764	29,725	29,797	29,691	29,691
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
3,74	3,33	3,57	3,72	*3,73*	3,61	3,70	..	..	..	..	..
5,05	4,91	5,07	5,43	*5,26*	5,25	5,74	5,83	5,94	6,20	6,70	6,90
17,36	17,27	17,63	18,71	*17,84*	18,63	19,44	21,00	20,84	21,28	24,25	23,75
11,92	11,95	12,21	12,17	*12,32*	12,41	13,27	13,01	12,94	13,55	15,85	15,75
13,34	12,73	13,23	13,87	*13,63*	14,16	15,62	15,52	15,08	14,95	16,68	16,53
1,32	1,23	1,23	1,23	*1,30*	1,26	1,38	1,45	1,31	1,40	1,62	1,62
1,84	1,56	1,60	1,80	*1,75*	1,60	1,68	1,76	1,90	2,00	2,07	2,07
7,24	6,91	7,39	7,95	*7,53*	8,64	8,39	9,51	9,47	10,80	11,75	11,75
10,30	10,17	10,61	11,07	*10,61*	11,08	11,89	12,01	11,87	12,11	13,53	13,33
18	23	25	28	*23*	38	37	38	40	36	45	41
35	36	36	37	*36*	38	40	41	41	43	52	50
7,15	6,66	6,84	6,72	*7,07*	6,54	6,68	6,92	7,26	7,60	7,99	7,95
5,30	5,51	5,14	5,24	*5,40*	4,99	5,12	5,34	5,24	5,20	5,90	5,77
1,41	1,48	1,38	1,52	*1,44*	1,60	1,69	1,73	1,67	1,62	1,79	1,77
13	13	12	12	*13*	12	12	14	15	15	15	15
86,63	84,43	86,63	90,20	*88,60*	90,65	95,49	95,01	94,48	97,65	1,09,25	1,08,25

APPENDIX

Ordinary Working Expenses

Railways.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—								
Burma	2,18	2,32	2,40	2,49	2,76	2,57	*2,45*	2,30
Eastern Bengal	3,47	3,83	3,63	3,73	3,86	3,84	*3,73*	3,74
East Indian	10,54	10,11	9,91	9,85	10,02	10,21	*10,11*	9,95
Great Indian Peninsula.	8,05	9,05	8,81	8,19	8,37	8,37	*8,47*	8,57
North Western—Commercial Lines.	7,46	7,00	7,74	7,98	7,94	8,47	*7,77*	9,03
Strategic Lines	1,56	1,45	1,52	1,58	1,60	1,68	*1,56*	1,76
State Railways managed by Companies or Indian States—								
Assam Bengal	82	83	89	97	1,02	1,13	*94*	1,11
Bengal Nagpur	4,73	4,81	4,44	5,04	5,11	5,51	*4,94*	5,02
Bombay, Baroda and Central India.	5,91	6,24	6,05	5,84	6,08	6,07	*6,03*	4,96
Jodhpur	17	17	16	15	17	17	*17*	15
Lucknow Bareilly.	12	13	16	15	14	15	*14*	23
Madras and Southern Mahratta.	3,63	3,87	3,95	3,94	3,99	3,95	*3,89*	3,75
South Indian	2,60	2,69	2,55	2,60	2,63	2,79	*2,64*	2,73
Tirhoot	36	44	57	59	51	52	*50*	98
Other Railways.	5	5	11	—4	2	16	6	11
Total	51,65	52,99	52,89	53,06	54,22	55,59	*53,40*	54,39

NOTE.—Credits for material released from works not charged to revenue were taken in been added to miscellaneous receipts and from

V-B
(excluding worked lines)

(In lakhs of rupees.)

1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,33	2,20	2,27	2,30	*2,28*	2,26	2,07	..	..	..	..	.
3,29	3,24	3,36	3,45	*3,42*	3,65	3,71	3,81	4,08	4,61	4,37	4,67
9,02	9,17	9,22	9,31	*9,33*	9,37	9,33	10,24	10,47	10,59	11,06	11,45
7,13	7,21	7,13	6,88	*7,38*	6,90	6,66	6,78	6,91	6,88	7,20	7,50
7,74	7,37	7,72	7,81	*7,93*	7,72	7,73	8,11	8,10	7,87	8,44	8,71
1,38	1,46	1,42	1,47	*1,50*	1,52	1,43	1,41	1,35	1,33	1,39	1,42
1,09	1,03	1,08	1,17	*1,10*	1,13	1,10	1,16	1,20	1,18	1,19	1,24
4,83	4,89	4,94	5,13	*4,96*	5,52	5,37	5,53	5,74	6,10	6,31	6,46
5,50	5,48	5,28	5,49	*5,34*	5,39	5,60	5,69	5,81	5,80	6,08	6,20
15	15	18	18	*16*	19	20	20	21	22	21	22
16	16	16	15	*17*	16	15	17	18	18	20	21
3,40	3,30	3,39	3,47	*3,46*	3,52	3,37	3,66	3,79	3,80	3,89	3,96
2,63	2,77	2,71	2,73	*2,72*	2,78	2,72	2,82	2,86	2,90	2,95	3,03
56	61	57	66	*68*	69	72	71	71	72	70	77
10	4	7	7	*8*	7	7	8	7	8	8	8
49,31	49,08	49,56	50,27	*50,51*	50,87	50,23	50,37	51,48	52,26	54,07	55,92

reduction of operating expenses up to 1931-32; but from 1932-33 onwards they have
1936-37 credited to the Depreciation Fund

APPENDIX

Total Working Expenses

Railways.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—								
Burma . .	2,60	2,75	2,83	2,94	3,22	3,05	*2,90*	2,82
Eastern Bengal .	4,19	4,59	4,40	4,52	4,69	4,71	*4,52*	4,66
East Indian .	12,55	12,03	11,90	11,92	12,17	12,42	*12,17*	12,24
Great Indian Peninsula.	9,40	10,51	10,33	9,77	10,04	10,20	*10,01*	10,46
North Western—Commercial Lines	9,18	8,88	9,49	9,90	10,01	10,64	*9,68*	11,29
Strategic Lines	1,96	1,80	1,87	1,95	1,99	2,09	*1,94*	2,19
State Railways managed by Companies or Indian States—								
Assam Bengal .	1,06	1,07	1,13	1,21	1,27	1,40	*1,19*	1,40
Bengal Nagpur .	5,76	5,91	5,58	6,21	6,29	6,75	*6,08*	6,33
Bombay, Baroda and Central India.	6,98	7,34	7,21	7,08	7,38	7,40	*7,23*	6,30
Jodhpur . .	18	18	17	17	19	19	*18*	18
Lucknow Bareilly	17	18	21	19	19	20	*19*	28
Madras and Southern Mahratta	4,34	4,61	4,77	4,75	4,86	4,85	*4,70*	4,63
South Indian .	3,07	3,16	3,05	3,13	3,23	3,44	*3,18*	3,42
Tirhoot . .	51	60	71	74	66	68	*65*	1,14
Other Railways & Miscellaneous.	5	5	13	—4	3	16	*6*	12
Total .	62,00	63,66	63,78	64,44	66,22	68,18	*64,71*	67,46

Note :—Credits for materials released from works not charged to revenue were taken
been added to miscellaneous receipts and from

V-C

(excluding worked lines)

(In lakhs of rupees.)

1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
2,86	2,74	2,82	2,84	*2,82*	2,84	2,65	..	..	..	..	..
4,25	4,22	4,33	4,42	*4,38*	4,50	4,57	4,67	4,94	5,48	5,24	5,57
11,37	11,52	11,61	11,71	*11,69*	11,77	11,78	12,70	12,94	13,07	13,55	13,96
9,07	9,19	9,07	8,90	*9,34*	8,92	8,58	8,68	8,82	8,78	9,10	9,39
10,07	9,85	10,01	10,16	*10,28*	9,60	9,61	10,00	9,99	9,76	10,35	10,61
1,81	1,90	1,85	1,90	*1,93*	2,09	2,00	1,97	1,91	1,90	1,95	1,98
1,40	1,35	1,39	1,49	*1,41*	1,53	1,50	1,56	1,61	1.59	1,61	1,65
6,17	6,28	6,32	6,52	*6,32*	6,81	6,67	6,83	7,03	7,40	7,62	7,78
6,89	6,87	6,67	6,87	*6,72*	6,66	6,83	6,92	7,05	7,04	7,32	7,45
17	16	21	21	*18*	21	22	22	23	24	23	24
20	20	20	19	*21*	20	19	21	22	22	24	25
4,30	4,20	4,29	4,38	*4,36*	4,44	4,26	4,55	4,69	4,69	4,79	4,86
3,38	3,55	3,48	3,51	*3,47*	3,53	3,47	3,58	3,62	3,67	3,72	3,80
72	77	73	81	*83*	86	89	88	88	89	87	94
11	5	8	8	*9*	16	16	17	11	12	12	12
62,77	62,85	63,06	63,99	*64,03*	64,12	63,38	62,94	64,04	64,85	66,71	68,60

in reduction of operating expenses upto 1931-32 but from 1932-33 onwards they have 1936-37 credited to the Depreciation Fund.

APPENDIX

Net receipts

Railways.	1924-25	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
State Railways managed by the State—								
Burma . .	1,69	2,18	1,78	2,09	1,73	1,82	*1,88*	**1,46**
Eastern Bengal .	1,73	1,70	2,32	2,48	2,34	2,02	*2,10*	1,20
East Indian . .	8,06	7,69	7,76	8,51	8,14	7,43	*7,93*	**6,00**
Great Indian Peninsula.	5,76	4,12	4,37	5,32	5,26	4,38	*4,87*	**2,87**
North Western—								
Commercial Lines.	5,95	4,82	4,55	4,99	4,22	3,75	*4,72*	3,69
Strategic lines .	—36	—16	—34	—35	—32	—50	*—34*	—71
State Railways managed by Companies or Indian States—								
Assam Bengal .	38	57	63	84	80	65	*64*	56
Bengal Nagpur .	2,62	2,47	2,62	2,95	2,83	2,56	*2,68*	1,84
Bombay, Baroda and Central India.	5,35	4,80	4,05	4,26	4,48	4,12	*4,51*	4,60
Jodhpur . .	11	8	4	8	2	6	*6*	5
Lucknow Bareilly .	19	19	15	21	17	16	*18*	8
Madras and Southern Mahratta.	3,57	3,53	3,35	3,89	4,34	4,13	*3,87*	3,35
South Indian .	2,08	2,28	2,44	2,67	2,10	2,89	*2,46*	2,38
Tirhoot . . .	96	93	99	93	1,04	1,66	*99*	26
Other Railways and Miscellaneous.	4	5	—7	12	6	—1	*3*	1
Total .	38,13	35,28	34,64	38,99	37,51	34,52	*36,51*	27,64

V-D

(excluding worked lines)

(In lakhs of rupees.

1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
88	59	75	88	*91*	77	1,05	..	..	..	..	..
80	69	74	1,01	*88*	75	1,17	1,16	1,00	72	1,46	1,33
5,99	5,75	6,02	7,00	*6,15*	6,86	7,66	8,30	7,90	8,21	10,70	9,79
2,85	2,76	3,14	3,27	*2,98*	3,49	4,69	4,33	4,12	4,77	6,75	6,36
3,27	2,88	3,22	3,71	*3,35*	4,56	6,01	5,52	5,09	5,19	6,33	5,92
—49	—67	—62	—67	*—63*	—83	—62	—52	—60	—50	—33	—36
44	21	21	31	*34*	7	18	20	29	41	46	42
1,07	63	1,07	1,43	*1,21*	1,83	1,72	2,68	2,44	3,40	4,13	3,97
3,41	3,30	3,94	4,20	*3,89*	4,42	5,06	5,09	4,82	5,07	6,21	5,88
1	7	4	7	*5*	17	15	16	17	12	22	17
15	16	16	18	*15*	18	21	0	19	21	28	25
2,85	2,46	2,55	2,34	*2,71*	2,10	2,42	2,37	2,57	2,91	3,20	3,09
1,92	1,96	1,66	1,73	*1,93*	1,46	1,65	1,76	1,62	1,53	2,18	1,97
69	71	65	71	*61*	74	80	85	79	73	92	83
2	8	4	4	*4*	—4	—4	—3	4	3	3	3
23,86	21,58	23,57	26,21	*24,57*	26,53	32,11	32,07	30,44	32,80	42,54	39,65

APPENDIX

Profit (+)

Railways.	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.	1929-30.	Average 1924-25 to 1929-30.	1930-31.
State Railways managed by the State—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Burma . . .	+42	+81	+24	+61	+4	+4	*+36*	—44
Eastern Bengal .	+16	+10	+70	+80	+54	+16	*+41*	—79
East Indian .	+2,89	+2,80	+2,67	+3,19	+2,44	+1,61	*+2,60*	—18
Great Indian Peninsula.	+2,42	+47	+71	+1,41	+1,08	+8	*+1,03*	—1,72
North Western—								
Commercial Lines	+2,87	+1,76	+1,21	+1,23	+9	—64	*+1,69*	—1,17
Strategic Lines .	—1,59	—1,17	—1,65	—1,68	—1,74	—1,90	*—1,67*	—2,17
State Railways managed by Companies or Indian States—								
Assam Bengal .	—31	—13	—11	+4	—6	—23	*—14*	—39
Bengal Nagpur .	—12	—47	—40	—20	—47	—83	*—42*	—1,99
Bombay, Baroda and Central India.	+2,92	+2,20	+1,42	+1,58	+1,64	+1,11	*+1,81*	+43
Jodhpur . .	+9	+6	+2	+4	—1	+2	*+4*	—1
Lucknow Bareilly .	+9	+9	+4	+10	+6	+5	*+7*	+6
Madras and Southern Mahratta.	+1,11	+85	+63	+1,04	+1,38	+89	*+98*	+1
South Indian .	+97	+1,13	+1,20	+1,25	+81	+1,13	*+1,08*	+31
Tirhoot . .	+63	+60	+68	+56	+66	+65	*+63*	+24
Other Railways .	+1	+3	+3	+3	+3	—4	*+2*	—1
Miscellaneous .	+60	+45	+11	+85	+1,32	+1,94	*+88*	+2,63
Total .	+13,16	+9,28	+7,50	+10,85	+7,81	+4,04	*+8,77*	—5,19

V-E

Loss (—)

(In lakhs of rupees.)

1931-32.	1932-33.	1933-34.	1934-35.	Average 1930-31 to 1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	Revised estimate, 1940-41.	Budget estimate, 1941-42.
Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	**Rs.**	**Rs.**
—73	—75	—71	—56	—64	—68	—36	..	..	..	..	..
—1,23	—1,28	—1,25	—93	—1,10	—1,18	—79	—78	—94	—1,21	—48	—66
—24	—13	+37	+1,14	+19	+1,04	+1,75	+2,39	+2,00	+2,34	+4,87	+3,99
—1,78	—1,68	—1,24	—1,04	—1,49	—67	+46	+12	—6	+62	+2,73	+2,40
—1,58	—1,78	—1,36	—79	—1,52	+24	+1,53	+1,07	+63	+77	+1,87	+1,51
—1,99	—2,09	—2,03	—2,03	—2,06	—2,10	—1,96	—1,85	—1,92	—1,81	—1,49	—1,49
—52	—74	—73	—60	—60	—81	—75	—75	—66	—54	—47	—56
—2,48	—2,80	—2,27	—1,86	—2,28	—1,38	—1,52	—56	—83	+20	+92	+77
+45	+41	+1,00	+1,28	+72	+1,56	+2,16	+2,16	+1,92	+2,18	+3,32	+2,82
—3	+3	+1	+3	+1	+13	+10	+11	+11	+7	+17	+13
+4	+5	+5	+8	+6	+8	+10	+10	+8	+10	+16	+13
+14	—19	—4	—26	—7	—38	—3	—11	+6	+55	+87	+78
+1	+6	—21	—10	+1	—32	—10	..	—14	—20	+45	+21
+30	+34	+25	+32	+29	+35	+41	+44	+38	+31	+51	+41
—1	+4	+3	+3	+2	+2	+2	+4	+5	+5	+4	+5
+45	+28	+17	+14	+73	+14	+19	+38	+69	+90	+1,12	+1,35
—9,20	—10,23	—7,96	—5,06	—7,53	—3,99	+1,21	+2,76	+1,37	+4,33	+14,59	+11,88

APPENDIX

All Railways. (*Commercial*

Statement of Receipts

RECEIPTS.	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	M.	M.	M.	M.	M.
Open Mileage at end of the year.	27,002	27,090	27,664	28,086	29,111
Passenger traffic earnings:—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class . .	4,42	4,48	4,46	4,55	4,45
Third class . .	31,58	32,17	30,91	31,81	30,89
TOTAL PASSENGER EARNINGS	36,00	36,65	35,37	36,36	35,34
Other coaching traffic earnings.	5,91	6,07	6,23	6,32	6,17
Goods traffic earnings .	63,64	61,58	62,27	66,15	67,78
Sundry earnings . .	1,64	1,76	1,73	2,01	2,11
Suspense . . .	28	..	—6	—9	—25
Credits for materials released from Works chargeable to Depreciation Fund.	..	..	..	..	.
TOTAL GROSS RECEIPTS .	1,07,47	1,06,06	1,05,54	1,10,75	1,11,15
Deduct— Refunds of revenue collected.	..	..	*35	14	15
Deduct— Earnings of worked lines.	7,34	7,12	6,77	7,18	7,2
TOTAL . .	1,00,13	98,94	98,42	1,03,43	1,03,73
Miscellaneous Receipts .	51	89	1,09	1,25	1,57
TOTAL . .	1,00,64	99,83	99,51	1,04,68	1,05,30

* Includes remissions of earnings also.

VI

and Strategic Lines together.)

and Expenditure.

(In lakhs of rupees.)

EXPENDITURE	Actuals.				
	1924-25.	1925-26.	1926-27.	1927-28.	1928-29.
	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year .	6,34,83	6,54,02	6,81,24	7,13,72	7,39,12
Working Expenses—					
Administration	12,33	12,77	13,06	13,44	14,19
Repairs and maintenance . .	18,10	17,18	18,16	18,05	18,11
Operation :—					
Other than Fuel . . .	15,54	16,44	16,27	16,24	17,16
Fuel	9,76	10,27	8,79	8,81	8,71
Depreciation	10,35	10,67	10,89	11,38	12,00
Suspense	—38	—10	—6	3	—32
TOTAL	65,70	67,23	67,11	67,95	69,85
Deduct—share of worked lines . .	3,70	3,57	3,33	3,51	3,63
Net working expenses . . .	62,00	63,66	63,78	64,44	66,22
Company's share of surplus profits, etc.	1,42	1,77	1,65	1,57	1,59
Interest :—					
On Government capital at charge .	21,23	23,14	24,30	25,75	27,83
On capital contributed by the Companies.	2,67	1,67	1,57	1,52	1,50
Total Interest . . .	23,90	24,81	25,87	27,27	29,33
Miscellaneous charges . .	16	31	71	55	35
TOTAL . . .	87,48	90,55	92,01	93,83	97,49
Balance net profit for the year . .	13,16	9,28	7,50	10,85	7,81
Contribution to General Revenues .	6,78	5,49	6,01	6,28	5,23
Railway Reserve Fund . . .	6,38	3,79	1,49	4,57	2,58
Railway Depreciation Fund . .	..	..	..	..	..
Percentage of net profit on Capital at charge.	2·0	1·4	1·1	1·5	1·0
Percentage of net profit (before deducting interest) on capital at charge.	5·8	5·2	4·9	5·3	5·0
Operating ratio (*i.e.*, ratio of working expenses including depreciation to gross traffic receipts)	61·9	64·3	64·8	62·3	63·8
Capital Expenditure—					
Open Line Works	10,26	15,31	16,13	22,19	15,79
New Constructions	3,12	4,32	6,77	10,26	9,26
Depreciation Fund	7,29	7,98	8,05	10,95	9,60
Purchase of Railways and branch line shares, etc.	..	..	4,33	3	4,30

APPENDIX

All Railways. (*Commercial*

Statement of Receipts

RECEIPTS.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
	M.	M.	M.	M.	M.
Open mileage at end of the year.	30,878	31,197	31,640	31,642	31,644
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.
Upper class	4,26	3,87	3,44	3,25	3,15
Third class	31,49	27,81	25,52	25,69	24,50
TOTAL PASSENGER EARNINGS	35,75	31,68	28,96	28,94	27,65
Other coaching traffic earnings.	5,81	5,40	5,28	5,03	4,92
Goods traffic earnings	65,25	60,69	55,41	53,76	58,20
Sundry earnings	2,21	1,97	1,82	1,63	1,59
Suspense	30	46	34	4	—49
Credits for materials released from works chargeable to Depreciation Fund.	..	..	..	1,19	1,19
TOTAL GROSS RECEIPTS	1,09,32	1,00,20	91,81	90,59	93,06
Deduct— Refunds of revenue collected.	15	11	11	11	11
Deduct— Earnings of worked lines.	6,47	4,99	5,07	4,86	5,13
TOTAL	1,02,70	95,10	86,63	85,62	87,82
Miscellaneous Receipts	2,08	1,73	1.20	1,03	88
TOTAL	1,04,78	96,83	87,83	86,65	88,70

VI—*contd.*

and Strategic Lines together.)

and Expenditure.

(In lakhs of rupees.)

EXPENDITURE.	Actuals.				
	1929-30.	1930-31.	1931-32.	1932-33.	1933-34.
Capital at charge at end of the year.	Rs. 7,69,98	Rs. 7,83,18	Rs. 7,89,64	Rs. 7,88,81	Rs. 7,86,76
Working Expenses—					
Administration . . .	14,40	14,89	14,66	12,59	12,43
Repairs and maintenance .	18,43	15,91	14,21	15,94	16,13
Operation—					
Other than Fuel . .	17,05	17,60	16,21	17,64	17,64
Fuel	9,01	8,62	7,39	7,27	7,05
Depreciation . . .	12,59	13,07	13,46	13,77	13,56
Suspense	..	3	—9	4	—1
Emergency deductions from pay	..	..	—44	—1,91	—1,14
TOTAL . .	71,48	70,12	65,40	65,34	65,66
Deduct—Share of worked lines	3,30	2,66	2,63	2,49	2,60
Net working expenses . .	68,18	67,46	62,77	62,85	63,06
Companies share of surplus profits.	1,52	1,16	64	65	56
Interest—					
On Government capital at charge.	29,09	31,34	31,76	31,57	31,30
On capital contributed by the Companies.	1,37	1,38	1,31	1,34	1,28
Total Interest . .	30,46	32,72	33,07	32,91	32,58
Miscellaneous charges . .	58	68	55	47	46
TOTAL . . .	1,00,74	1,02,02	97,03	96,88	96,66
Balance net profit (+) or loss (—) for the year.	+4,04	—5,19	—9,20	—10,23	—7,96
Contribution to General Revenues.	6,12	5,74	..	..	..
Railway Reserve Fund . .	—2,08	—10,93	—4,95	..	..
Railway Depreciation Fund .	..	..	—4,25	—10,23	—7,96
Percentage of net profit on Capital at charge.	0·5	—0·7	—1·2	—1·3	—1·0
Percentage of net profit before deducting interest on capital at charge.	4·5	3·5	3·0	2·9	3·1
Operating ratio (*i.e.*, ratio of Working Expenses including depreciation to Gross Traffic Receipts).	66·4	70·9	72·5	73·4	71·8
Capital Expenditure—					
Open Line Works . .	16,47	8,95	3,90	—50	—2,28
New Constructions . .	6,65	4,25	2,79	57	22
Depreciation Fund . .	11,76	11,39	8,26	6,35	8,08
Purchase of Railways and branch line shares, etc.	7,06	1	..	..	..

APPENDIX

All Railways. (*Commercial*

Statement of Receipts

RECEIPTS.	Actuals.			Actuals (excluding Burma Railways).			Revised Estimate (excluding Burma Railways).	Budget Estimate (excluding Burma Railways).
	1934-35.	1935-36.	1936-37.	1937-38	1938-39.	1939-40.	*1940-41.*	*1941-42.*
	M.	M.	M.	M.	M.	M.	M.	M.
Open mileage at end of the year	36,253	36,310	36,127	33,848	33,808	33,785	33,650	33,650
Passenger traffic earnings—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs	Rs.
Upper class	3,16	3,20	3,27	3,30	3,24	3,18	3,54	3,47
Third class	24,77	24,88	24,55	25,11	24,77	24,60	27,26	27,24
TOTAL PASSENGER EARNINGS	27,93	28,08	27,82	28,41	28,01	27,78	30,80	30,71
Other coaching traffic earnings . .	4,92	5,05	5,19	5,16	4,96	5,41	6,67	6,05
Goods traffic earnings . . .	61,05	61,43	66,34	64,79	64,38	68,07	74,60	74,13
Sundry earnings	1,62	1,83	2,10	1,95	2,15	2,26	2,38	2,30
Suspense	8	—23	—24	15	12	—79	27	—1
Credits for materials relea ed from works chargeable to Depreciation Fund.	90	1,10	...	...	...	...	...	...
TOTAL GROSS RECEIPTS .	96,50	97,26	1,01,21	1,00,46	99,62	1,02,73	1,14,72	1,13,78
Refunds of revenue collected . .	—12	—14	—19	...	..	...	...	...
TOTAL { State Owned . . .	91,10	91,75	95,49	95,01	94,18	97,65	1,09,25	1,08,25
TOTAL { Worked lines . . .	5,28	5,37	5,53	5,45	5,14	5,08	5,47	5,53
Miscellaneous Receipts .	95	1,03	1,15	1,23	1,49	1,71	1,99	2,24
TOTAL .	97,33	98,15	1,02,17	1,01,69	1,01 11	1,04,44	1,16,71	1,16,02

VI—*concl'd.*

and Strategic Lines together.)

and Expenditure (including worked lines).

(In lakhs of rupees.)

EXPENDITURE.	Actuals.			Actuals (excluding Burma Railways).			Revised Estimate (excluding Burma Railways).	Budget Estimate (excluding Burma Railways).
	1934-35.	1935-36.	1936-37.	1937-38.	1938-39.	1939-40.	*1940-41.*	*1941-42.*
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Capital at charge at end of the year .	7,86,99	7,89,02	7,88,88	7,53,80	7,55,26	7,58,62	**7,60,91**	**7,69,66**
Working expenses :—								
Maintenance of structural works .	9,05	8,94	8,29	7,94	7,72	8,13	**8,04**	**8,52**
Maintenance and supply of Locomotive power.	17,13	16,82	16,93	17,53	17,92	18,08	**18,74**	**19,15**
Maintenance of carriage and wagon stock.	6,08	6,32	5,88	6,13	5,80	5,84	**6,40**	**6,61**
Maintenance and working of ferry steamers and harbours.	32	29	29	29	28	29	**30**	**33**
Expenses of Traffic Department .	10,92	10,86	11,01	10,63	10,02	10,04	**10,43**	**11,07**
Expenses of General Departments .	4,89	4,88	4,86	4,89	3,99	4,11	**4,17**	**4,25**
Miscellaneous Expenses . .	4,40	4,38	4,35	4,33	4,35	4,51	**4,65**	**4,52**
Expenses of Electrical Department.	1,22	1,18	1,16	1,20	3,83	3,81	**3,85**	**3,78**
Suspense	—8	—4	12	7	10	—4	**5**	**31**
Emergency deductions from pay .	—1,00	—8	...	...	...	...	...	...
Depreciation	13,72	13,25	13,15	12,57	12,56	12,59	**12,64**	**12,63**
TOTAL { State Owned .	63,99	64,12	63,38	62,94	64,04	64,85	**66,71**	**68,60**
TOTAL { Worked Lines .	2,66	2,68	2,66	2,64	2,53	2,51	**2,56**	**2,62**
Payments to worked lines . .	2,62	2,69	2,87	2,81	2,61	2,57	**2,91**	**2,91**
TOTAL .	69,27	69,49	68,91	68,39	69,18	69,93	**72,18**	**74,13**
Companies share of surplus profits .	61	51	43	52	49	35	**48**	**73**
Interest :—								
On Government Capital at charge .	30,57	30,18	29,61	28,10	28,18	28,13	**27,76**	**27,63**
On Capital contributed by Companies.	1,23	1,21	1,20	1,16	1,12	98	**98**	**97**
TOTAL INTEREST .	31,80	31,39	30,81	29,26	29,30	29,11	**28,74**	**28,60**
Miscellaneous charges . . .	71	76	81	76	77	72	**72**	**73**
TOTAL .	1,02,39	1,02,15	1,00,96	98,93	99,74	1,00,11	**1,02,12**	**1,04,19**
Balance net profit (+) or loss (—) for the year.	—5,06	—4,00	1,21	2,76	1,37	4,33	**14,59**	**11,83**
Contribution to General Revenues .	...	...	...	2,76	1,37	4,33	**9,96**	**10,18***
Railway Reserve Fund . .	...	...	...	...	...	...	**4,63**	**1,65**
Railway Depreciation Fund . .	—5,06	—4,00	1,21	...	...	...	...	...
Percentage of net profit on Capital at charge.	— 64	— 51	+ 15	+·37	+·18	57	**1·9**	**1·5**
Percentage of net profit before deducting interest on capital at charge.	3·4	3 5	4·1	4·2	4·1	4·4	**5·7**	**5·2**
Operating ratio (*i.e.*, ratio of Working Expenses including depreciation to Gross Traffic Receipts.)	69·2	68·8	65·4	65·3	66·8	65·6	**60 4**	**62·6**
Capital Expenditure—								
Open Line Works . . .	27	1,85	28	26	2,27	2,86	**11**	**3,88**
New Constructions . . .	18	29	...	—5	6	30	**2**	...
Depreciation fund . . .	8,66	9,16	7,88	7,99	7,08	6,53	**8,26**	**6,80**
Purchase of Railways and branch line shares, etc.	—20	44	...	31	...	1,32	**2,16**	**4,87**

*Includes 1·82 crores advance payment against the contribution for 1942-43.

APPENDIX VII

Railway Depreciation Reserve Fund

(In lakhs of rupees.)

Year.	Appropriation to Fund.	Withdrawals towards renewals and replacements.	Net accretion to Fund during the year.	Nominal closing balance.	* Temporary loans to meet deficit, etc.	Actual closing balance.
1924-25 . .	10,35	7,29	3,06	3,06	..	3,06
1925-26 . .	10,67	7,99	2,68	5,74	..	5,74
1926-27 . .	10,89	8,05	2,84	8,58	..	8,58
1927-28 . .	11,38	10,95	43	9,01	..	9,01
1928-29 . .	12,00	9,60	2,40	11,41	..	11,41
1929-30 .	12,59	11,76	83	12,24	..	12,24
1930-31 . .	13,07	11,39	1,68	13,92	..	13,92
1931-32 . .	13,46	8,26	5,20	19,12	4,25	14,87
1932-33 . .	13,77	6,35	7,42	26,54	10,23	12,06
1933-34 . .	13,56	8,07	5,49	32,03	8,05	9,50
1934-35 . .	13,72	8,66	5,06	37,09	5,06	9,50
1935-36 . .	13,26	9,16	4,10	41,19	4,00	9,60
1936-37 . .	13,17	7,88	5,29	46,48	—1,21	16,10
1937-38 . .	12,59	(*a*) 8,00	4,59	(*b*) 49,59	..	(*b*)19,21
1938-39 . .	12,56	(*c*) 7,10	5,46	(*c*) 55,05	..	24,67
1939-40 . .	12,59	(*d*) 6,51	6,08	(*d*) 61,13	..	30,75
1940-41 (Revised Estimate).	**12,64**	**8,26**	**4,38**	**65,51**	..	**35,13**
1941-42 (Budget Estimate)	**12,68**	**6,80**	**5,88**	**71,39**	..	**41,01**

* These are entirely to meet the deficits in the working of the State railways except in 1933-34 the figure for which includes a loan of Rs. 9 lakhs made to certain branch line companies for capital expenditure.

(*a*) Includes 32 lakhs invested in securities and 32 lakhs written off capital on account of abandoned assets.

(*b*) Excludes 148 lakhs balance for Burma Railways.

(*c*) Includes 1 lakh invested in securities.

(*d*) Includes 2 lakhs representing the amount recouped to the fund on the cancellations of stocks of the South Bihar Railway on its purchase by Government.

APPENDIX VIII.

Statement showing the particulars of additional gazetted posts provided for newly in the budget for 1941-42.

Designation.	No.	Scale of pay.			Remarks.
		Minimum.	Increment.	Maximum.	
		Rs.	Rs.	Rs.	
Assam Bengal Railway.					
TEMPORARY.					
Assistant Engineer . . (Probationary)	1	250	..	250	For two years.
Bengal Nagpur Railway.					
ENGINEERING.					
Assistant Signal Engineer .	1	350	..	500	From 1st December 1940.
East Indian Railway.					
TEMPORARY.					
Assistant Bridge Engineer	1	300	..	975	Special pay Rs. 100. Upto 21st February 1943.
Executive Engineer . .	1	625	..	1,375	Special pay Rs. 200. Up to 31st October 1943.
Assistant Land Officer .	1	250	25	525	Upto 31st December 1941.
Assistant Executive Engineer.	1	250	25	275	Upto 2nd May 1942.
Assistant Executive Engineer.	1	250	25	275	Upto 24th May 1942.
Assistant Executive Engineer.	1	250	25	275	Upto 10th June 1942.

APPENDIX VIII—*concld.*

Designation.	No.	Scale of pay.			Remarks.
		Minimum.	Increment.	Maximum.	
		Rs.	Rs.	Rs.	
Madras and Southern Mahratta Railway.					
OPERATING.					
Officer Candidate (Power) .	1	250	25	275	From 26th August 1940.
STORES.					
Officer Candidate . .	1	250	25	275	From 4th July 1940.
TEMPORARY.					
District Engineer . .	1	625	..	1,350	Upto 13th July 1941.
Assistant Engineer . .	1	375	..	975	Upto 15th April 1941.
North Western Railway.					
TEMPORARY					
Assistant Chemist . .	1	250	25	525	Upto 30th November 1941.

APPENDIX IX.

Financial results of working of Indian State Railways from 1939-40 to 1941-42

ASSAM BENGAL RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses.				
Maintenance of Structural Works	27,54	26,55	26,85	29,35
Maintenance and Supply of locomotive Power	35,48	37,55	35,82	35,91
Maintenance of Carriage and Wagon Stock	11,19	11,35	11,06	11,63
Maintenance and working of Ferry Steamers and Harbours	4,58	3,75	4,34	4,56
Expenses of Traffic Department	20,51	21,45	20,21	22,01
Expenses of General Departments	10,86	10,80	10,56	10,21
Miscellaneous Expenses	10,00	10,70	10,40	9,95
Expenses of Electrical Department	7,10	7,25	7,04	7,36
Total	1,27,26	1,29,40	1,26,28	1,30,98
Suspense	—1,95	..	..	..
Total Ordinary Expenses	1,25,31	1,29,40	1,26,28	1,30,98
(*b*) Appropriation to Depreciation Fund	41,00	41,40	41,35	41,45
Total Working Expenses	1,66,31	1,70,80	1,67,63	1,72,43
II.—Miscellaneous—				
Share of surplus profits payable to railway companies and Indian States	..	..	12	1,24
Net earnings payable to worked lines	7,00	7,40	7,15	7,50
Rebate	74	65	72	65
III.—Interest—				
On Government Capital at Charge	88,10	87,08	86,93	90,18
On other capital (contributed by the company or otherwise)	6,00	6,00	6,01	6,00
Total interest	94,10	93,08	92,94	96,18
Total expenditure	2,68,15	2,71,93	2,68,56	2,78,00
Expenditure of worked lines	6,92	7,40	7,10	7,40

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	77·7	75·8	77·7
Operating ratio excluding depreciation	58·6	57·1	59·6

ASSAM BENGAL RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	6,85	7,20	7,40	7,00
3rd Class	68,97	71,70	71,00	72,50
(*ii*) Other Coaching	9,39	9,50	10,10	10,00
(*b*) Goods	1,20,22	1,35,00	1,26,50	1,27,00
Total Traffic Earnings	2,05,43	2,23,40	2,15,00	2,16,50
II.—Sundry other Earnings	7,92	6,40	6,25	5,40
Gross Earnings	2,13,35	2,29,80	2,21,25	2,21,90
III.—Suspense	64	..	..	...
Gross Receipts	2,13,99	2,29,80	2,21,25	2,21,90
IV.—Miscellaneous Receipts.	..	..	..	..
Total Revenue Receipts	2,13,99	2,29,80	2,21,25	2,21,90
Profit (+) and Loss (—) for the year	—54,16	—42,13	—47,31	—56,10
Receipts of Worked Lines	13,92	14 80	14,25	14,90

BENGAL NAGPUR RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	92,92	94,45	94,11	98,93
Maintenance and Supply of locomotive Power	1,88,20	1,95,95	1,95,08	1,96,63
Maintenance of Carriage and Wagon Stock	89,42	98,40	93,65	90,64
Maintenance and working of Ferry Steamers and Harbours	7,04	6,70	7,35	8,18
Expenses of Traffic Department	1,12,47	1,13,55	1,16,61	1,29,41
Expenses of General Departments	44,21	43,15	43,93	46,25
Miscellaneous Expenses	53,41	51,40	54,10	51,30
Expenses of Electrical Department	25,73	29,20	29,15	27,59
Total	6,13,40	6,32,80	6,33,98	6,48,93
Suspense	—2,41	—50	—70	—95
Total Ordinary Expenses	6,10,99	6,32,30	6,33,28	6,47,98
(*b*) Appropriation to Depreciation Fund	1,30,04	1,30,55	1,30,55	1,31,40
Total Working Expenses	7,41,03	7,62,85	7,63,83	7,79,38
II.—Miscellaneous—				
Share of Surplus profits payable to railway companies and Indian States	17	3,55	6,70	9,59
Net earnings payable to worked lines	56	58	60	55
Rebate	59	57	58	58
Surveys	4	..	..	..
Land	..	18	..	18
III.—Interest—				
On Government Capital at Charge	2,95,52	2,89,97	2,89,39	2,85,83
On other capital (contributed by the company or otherwise)	24,67	24,67	24,71	24,67
Total Interest	3,20,19	3,14,64	3,14,10	3,10,50
Total Expenditure	10,62,58	10,82,37	10,85,81	11,00,78
Expenditure of Worked Lines	1,71	1,77	1,75	1,80

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	68·5	64·9	66·2
Operating ratio excluding depreciation	56·5	53·8	55·0

BENGAL NAGPUR RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	26,59	27,00	27,00	27,50
3rd Class	1,40,66	1,39,50	1,55,00	1,55,00
(*ii*) Other Coaching	34,23	34,30	39,00	39,00
(*b*) Goods	8,90,02	9,09,70	9,43,00	9,44,00
Total Traffic Earnings	10,91,50	11,10,50	11,64,00	11,65,50
II.—Sundry other Earnings	12,96	11,85	14,60	14,80
Gross Earnings	11,04,46	11,22,35	11,78,60	11,80,30
III.—Suspense	—22,36	..	—1,25	—2,95
Gross Receipts	10,82,10	11,22,35	11,77,35	11,77,35
Total Receipts	10,82,10	11,22,35	11,77,35	11,77,35
Profit (+) and Loss (—) for the year	+19,52	+39,98	+91,54	+76,57
Receipts of Worked Lines	2,27	2 35	2,35	2,35

BENGAL AND NORTH WESTERN RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Working Expenses—				
(*a*) Ordinary working Expenses—				
Maintenance of Structural Works.	24,24	25,50	25,52	27,71
Maintenance and Supply of locomotive power.	48,98	50,75	49,34	50,02
Maintenance of Carriage and Wagon Stock.	13,33	12,75	12,63	13,08
Maintenance and working of Ferry Steamers and Harbours.	7,23	7,50	7,76	8,28
Expenses of Traffic Department	34,53	33,65	35,24	36,62
Expenses of General Departments.	13,08	12,95	12,95	13,17
Miscellaneous Expenses . .	7,89	9,10	9,00	9,05
Expenses of Electrical Department.	7,17	7,35	7,50	8,19
Total .	1,56,45	1,59,55	1,59,94	1,66,72
Suspense .	2,48	..	—1,50	..
Total Ordinary Expenses .	1,58,93	1,59,55	1,58,44	1,66,72
(*b*) Appropriation to Depreciation Fund.	17,16	17,30	17,30	17,40
Total Working Expenses .	1,76,09	1,76,85	1,75,74	1,84,12
II. Miscellaneous—				
Company's share of surplus profits	1,89	2,00	1,78	2,30
Net earnings payable to worked lines.	1,14,83	1,21,25	1,38,55	1,37,50
Miscellaneous payments . .	53	60	39	40
Land	1,57	7,12	3,45	2,72
III. Interest—				
On Government Capital at Charge	28,30	28,42	28,54	28,72
On other capital (contributed by the company or otherwise).	10,71	10,71	10,73	10,71
Total interest .	39,01	39,13	39,27	39,43
Total expenditure .	3,33,92	3,46,95	3,59,18	3,66,47
Expenditure of Worked Lines . . .	87,08	88,75	88,75	90,10

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation . .	48·4	43·3	45·5
Operating ratio excluding depreciation . .	43·7	39·0	41·2

BENGAL AND NORTH WESTERN RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees).

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Traffic earnings—				
(a) Coaching—				
(i) Passengers—				
Upper classes	8,57	8,30	9,30	9,00
3rd Class	1,32,50	1,34,15	1,43,60	1,46,00
(ii) Other Coaching	13,72	12,75	14,40	14,00
(b) Goods	1,97,00	2,08,55	2,26,70	2,25,00
Total Traffic Earnings .	3,51,79	3,63,75	3,94,00	3,94,00
II. Sundry other earnings	11,11	11,25	12,30	10,60
Gross Earnings . .	3,62,90	3,75,00	4,06,30	4,04,60
III. Suspense	59	..	..	..
Gross Receipts .	3,63,49	3,75 00	4,06,30	4,04,60
IV. Miscellaneous Receipts—				
Other Miscellaneous Receipts . . .	7	29	16	22
Total Revenue Receipts .	3,63,56	3,75,29	4,06,46	4,04,82
Profit (+) and Loss (—) for the year	+29,64	+28.34	+47,28	+38,35
Receipts of Worked Lines	2,01,91	2,10.00	2,27,30	2.27.60

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—WORKING EXPENSES—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	78,85	77,50	79,07	85,62
Maintenance and Supply of locomotive Power.	2,05,00	2,02,25	2,09,97	2,14,49
Maintenance of Carriage and Wagon Stock.	71,73	74,25	80,27	78,01
Expenses of Traffic Department	1,11,40	1,11,00	1,12,59	1,18,60
Expenses of General Departments	47,90	48,90	49,78	50,08
Miscellaneous Expenses	46,89	47,75	53,95	49,40
Expenses of Electrical Department	55,18	61,00	60,64	59,71
Total	6,16,95	6,22,65	6,46,27	6,55,91
Suspense	—1,85	20	—30	3,60
Total Ordinary Expenses	6,15,10	6,22,85	6,45,97	6,59,51
(*b*) Appropriation to Depreciation Fund	1,24,05	1,24,50	1,24,35	1,24,90
Total Working Expenses	7,39,15	7,47 35	7,70,32	7,84,41
II.—MISCELLANEOUS—				
Company's share of surplus profits.	18,89	20,35	21,15	34,10
Net earnings payable to worked lines	26,86	25,15	29,95	28,60
Rebate	2,98	2,45	2,46	2,76
III.—INTEREST—				
On Government Capital at Charge	2,56,85	2,54,99	2,54,15	2,58,85
On other capital (contributed by the company or otherwise).	13,47	13,47	13,49	13,27
Total interest	2,70,32	2,68,46	2,67,64	2,72,12
Total expenditure	10,58,20	10,63,76	10,91,52	11,21,99
Expenditure on Worked Lines	35,20	39,05	38,05	39,40

NOTE.—The figures relating to depreciation in this statement and in other parts of the estimates do not concern the company; they are required for Government accounts and estimates.

	Accounts, 1939-40.	Re ised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	58·1	54·2	56·0
Operating ratio excluding depreciation	48.3	45·5	47·1

BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—TRAFFIC EARNINGS—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	37,79	38,00	41,00	41,00
3rd Class	3,58,74	3,65,00	3,94,00	3,92,00
(*ii*) Other Coaching	71,69	73,00	80,00	79,00
(*b*) Goods—	7,97,69	8,67,10	8,85,00	8,68,00
Total Traffic Earnings	12,65,91	13,43,10	14,00,00	13,80,00
II.—Sundry other Earnings	21,12	21,10	21,00	21,00
Gross Earnings	12,87,03	13,64,20	14,21,00	14,01,00
III.—Suspense	—14,04	.	..	..
Gross Receipts	12,72,99	13,64,20	14,21,00	14,01,00
Total Revenue Receipts	12,72,99	13,64,20	14,21,00	14,01,00
Profit (+) and Loss (—) for the year	+2,14,79	+3,00,44	+3,29,48	+2,79,01
Worked Lines	62,06	64,20	68,00	68,00

BEZWADA EXTENSION.

Statement of Revenue Expenditure.

(Figures in thousands of rupees).

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses.				
Maintenance of Structural Works	79	1,00	83	80
Maintenance and Supply of Locomotive Power	1,29	1,70	1,53	1,47
Maintenance of Carriage and Wagon Stock	93	1,21	1,01	97
Expenses of Traffic Department	91	1,10	1,31	1,25
Expenses of General Departments	59	65	60	59
Miscellaneous Expenses	31	40	38	35
Expenses of Electrical Department	8	20	18	17
Total	4,90	6,26	5,84	5,60
Suspense	..	..	..	..
Total Ordinary Expenses	4,90	6,26	5,84	5,60
(*b*) Appropriation to Depreciation Fund	30	30	30	30
Total Working Expenses	5,20	6,56	6,14	5,90
II.—Miscellaneous.				
Land	..	2	..	2
III.—Interest—				
On Government Capital at Charge	67	66	66	65
Total interest	67	66	66	65
Total expenditure	5,87	7,24	6,80	6,57

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for Government accounts and estimates.

	Accounts, 1939-40.	Revised. 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	49·1	55·1	52·9
Operating ratio excluding depreciation	46·2	52·4	50·2

BEZWADA EXTENSION.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper Classes	10	10	10	10
3rd Class	1,44	1,50	1,50	1,50
(*ii*) Other Coaching	54	60	60	60
(*b*) Goods	8,46	8,75	8,90	8,90
Total Traffic Earnings	10,54	10,95	11,10	11,10
II.—Sundry other earnings	6	5	5	5
Gross Earnings	10,60	11,00	11,15	11,15
III.—Suspense	..	..	..	..
Gross Receipts	10,60	11,00	11,15	11,15
Total Revenue Receipts	10,60	11,00	11,15	11,15
Profit (+) and Loss (−) for the year	+4,73	+3,76	+4,35	+4,58

DHONE KURNOOL RAILWAY.

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	45	40	41	42
Maintenance and Supply of Locomotive Power	63	55	58	59
Maintenance of Carriage and Wagon Stock	19	17	16	16
Expenses of Traffic Department	45	40	46	46
Expenses of General Departments	35	30	27	27
Miscellaneous Expenses	17	15	15	15
Expenses of Electrical Department	4	7	9	9
Total	2,28	2,04	2,12	2,14
Suspense	..	..	..	..
Total Ordinary Expenses	2,28	2,04	2,12	2,14
(*b*) Appropriation to Depreciation Fund	46	47	47	47
Total Working Expenses	2,74	2,51	2,59	2,61
II.—Miscellaneous.				
III.—Interest—				
On Government Capital at Charge	1,15	1,13	1,12	1,11
Total interest	1,15	1,13	1,12	1,11
Total Expenditure	3,89	3,64	3,71	3,7

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	65·5	67·3	67·8
Operating ratio excluding depreciation	54·5	55·1	55·6

DHONE KURNOOL RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper Classes	7	10	8	8
3rd Class	88	95	92	92
(*ii*) Other Coaching	23	25	25	25
(*b*) Goods—	2,96	2,65	2,55	2,55
Total Traffic Earnings	4,14	3,95	3,80	3,80
II.—Sundry other Earnings	4	5	5	5
Gross Earnings	4,18	4,00	3,85	3,85
III.—Suspense	..	..	..	..
Gross Receipts	4,18	4,00	3,85	3,85
Total Revenue Receipts	4,18	4,00	3,85	3,85
Profit (+) and Loss (—) for the year	+29	+36	+14	+13

EASTERN BENGAL RAILWAY.

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working expenses—				
Maintenance of Structural Works	1,19,95	92,50	80,56	82,54
Maintenance and Supply of locomotive Power . . .	1,08,20	1,18,55	1,16,03	1,21,32
Maintenance of Carriage and Wagon Stock. . . .	44,27	53,70	48,26	55,69
Maintenance and working of Ferry Steamers and Harbours . .	5,28	4,50	5,21	5,74
Expenses of Traffic Department .	96,76	94,15	96,57	1,02,58
Expenses of General Departments	32,52	32,95	33,41	35,70
Miscellaneous Expenses . .	38,80	36,60	39,80	37,20
Expenses of Electrical Department	21,23	26,00	23,86	24,91
Total	4,67,01	4,58,95	4,43,70	4,65,68
Suspense	1,33	—80	1,20	8,65
Total Ordinary Expenses.	4,68,34	4,58,15	4,44,90	4,74,33
(*b*) Appropriation to Depreciation Fund	86,18	86,40	86,25	90,10
Total Working Expenses .	5,54,52	5,44,55	5,31,15	5,64,43
II.—Miscellaneous—				
Net earnings payable to worked lines	7,42	7,57	8,15	7,75
Rebate	22	68	—9	25
Surveys	5	..	—1	..
Land	10	2	29	4
III.—Interest—				
On Government Capital at Charge .	1,92,04	1,91,32	1,94,85	1,98,95
Total interest .	1,92,04	1,91,32	1,94,85	1,98,95
Total expenditure .	7,54,35	7,44,14	7,34,34	7,71,42
Expenditure of Worked lines .	6,89	7,03	7,55	7,15

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation . .	87·5	77·5	80·1
Operating ratio excluding depreciation . .	73·9	64·9	67·3

EASTERN BENGAL RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(i) Passengers—				
Upper classes	24,92	25,50	28,00	28,25
3rd Class	1,89,54	1,90,00	2,12,00	2,13,75
(ii) Other Coaching	35,76	35,50	37,00	38,00
(*b*) Goods	3,55,96	3,92,50	3,74,00	3,93,00
Total Traffic Earnings	6,06,18	6,43,50	6,51,00	6,73,00
II.—Sundry other Earnings	30,41	26,30	32,95	32,90
Gross Earnings	6,36,59	6,69,80	6,83,95	7,05,90
III.—Suspense	—2,99	—20	1,75	—1,00
Gross Receipts	6,33,60	6,69,60	6,85,70	7,04,90
IV.—Miscellaneous Receipts—				
Guarantee recoverable from Local Government for unremunerative lines	1,46	1,03	1,16	1,04
Other Miscellaneous Receipts	..	..	4	..
Total Revenue Receipts	6,35,06	6,70,63	6,86,90	7,05,94
Profit (+) and Loss (—) for the year	—1,19,29	—73,51	—47,44	—65,48
Receipts of Worked Lines	14,31	14,60	15,70	14,90

EAST INDIAN RAILWAY.

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	1,42,39	1,50,50	1,50,94	1,59,21
Maintenance and Supply of Locomotive Power . . .	3,39,62	3,54,20	3,52,84	3,60,64
Maintenance of Carriage and Wagon Stock	1,21,33	1,26,00	1,33,79	1,37,71
Maintenance and working of Ferry Steamers and Harbours . .	1,84	1,85	1,93	2,12
Expenses of Traffic Department .	2,27,24	2,30,65	2,28,71	2,40,27
Expenses of General Departments	75,71	74,90	75,02	74,91
Miscellaneous Expenses . .	97,37	93,95	93,65	95,70
Expenses of Electrical Department	57,98	62,55	65,64	56,21
Total .	10,63,48	10,94,60	11,02,52	11,26,77
Suspense	—1,28	20	3,40	18,65
Total Ordinary Expenses .	10,62,20	10,94,80	11,05,92	11,45,42
(*b*) Appropriation to Depreciation Fund	2,47,35	2,50,40	2,49,30	2,50,50
Total Working Expenses .	13,09,55	13,45,20	13,55,22	13,95,92
II.—Miscellaneous—				
Net earnings payable to worked lines	3,37	..	..	..
Surveys	—41	..	..	..
III.—Interest—				
On Government Capital at Charge .	5,86,84	5,83,95	5,82,90	5,79,83
Total Interest . .	5,86,84	5,83,95	5,82,90	5,79,83
Total Expenditure .	18,99,35	19,29,15	19,38,12	19,75,75
Expenditure of Worked Lines . .	2,35	..	..	..

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation . . .	61·4	55·9	58·8
Operating ratio excluding depreciation . . .	49·8	45·6	48·2

EAST INDIAN RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(i) Passengers—				
Upper classes	69,32	67,75	75,00	72,00
3rd Class	4,55,44	4,61,00	5,03,00	5,02,00
(ii) Other Coaching	77,79	73,75	88,00	87,50
(*b*) Goods	15,10,69	16,06,50	16,91,00	16,63,00
Total Traffic Earnings .	21,13,24	22,09,00	23,57,00	23,24,50
II.—Sundry other Earnings	42,22	41,70	55,60	51,40
Gross Earnings .	21,55,46	22,50,70	24,12,60	23,75,90
III.—Suspense	—22,13	—70	12,40	—90
Gross Receipts .	21,33,33	22,50,00	24,25,00	23,75,00
IV.—Miscellaneous Receipts—				
Other Miscellaneous Receipts . . .	77	..	2,40	1,55
Total Revenue Receipts . .	21,34,10	22,50,00	24,27,40	23,76,75
Profit (+) and Loss (—) for the year . .	+2,34,75	+3,20,85	+4,89,28	+1,01,00
Receipts of Worked Lines	4,71	..	..	..

GREAT INDIAN PENINSULA RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	95,42	1,02,25	98,70	1,05,53
Maintenance and Supply of Locomotive Power	2,14,28	2,30,10	2,37,75	2,47,59
Maintenance of Carriage and Wagon Stock	72,07	83,80	77,31	85,00
Expenses of Traffic Department	1,27,23	1,32,20	1,44,38	1,50,12
Expenses of General Departments	43,92	43,60	44,98	45,35
Miscellaneous Expenses	56,53	57,45	57,35	56,75
Expenses of Electrical Department	1,11,19	97,15	93,92	97,35
Total	7,20,64	7,46,55	7,54,39	7,87,69
Suspense	—66	—40	—10	—40
Total Ordinary Expenses	7,19,98	7,46,15	7,54,29	7,87,29
(*b*) Appropriation to Depreciation Fund	1,90,37	1,90,50	1,90,35	1,88,50
Total Working Expenses	9,10,35	9,36,65	9,44,64	9,75,79
II.—Miscellaneous—				
Net earnings payable to worked lines	30,53	28,85	34,60	37,00
Rebate	1,92	1,87	1,29	1,02
III.—Interest—				
On Government Capital at Charge	4,10,13	4,05,37	4,01,59	3,95,59
Total Interest	4,10,13	4,05,37	4,01,59	3,95,59
Total Expenditure	13,52,93	13,72,74	13,82,12	14,09,40
Expenditure of Worked Lines	32,05	31,25	34,40	36,60

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	64·2	57·1	59·2
Operating ratio excluding depreciation	50·8	45·6	47·8

GREAT INDIAN PENINSULA RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	46,74	47,50	51,00	49,00
3rd class	2,93,76	3,13,50	3,27,00	3,27,00
(*ii*) Other Coaching	1,19,56	1,11,00	1,80,00	1,80,00
(*b*) Goods	9,34,78	9,83,00	10,64,00	10,60,00
Total Traffic Earnings	13,94,84	14,55,00	16,22,00	16,16,00
II.—Sundry other Earnings	28,14	30,10	32,00	32,60
Gross Earnings	14,22,98	14,85,10	16,54,00	16,48,60
III.—Suspense	—5,16	..	..	..
Gross Receipts	14,17,82	14,85,10	16,54,00	16,48,60
IV.—Miscellaneous Receipts—				
Other Miscellaneous Receipts	2	..	1	..
Total Revenue Receipts	14,17,84	14,85,10	16,54,01	16,48,60
Profit (+) and Loss (—) for the year	+64,91	+1,12,36	+2,71,89	+2,39,20
Receipts of Worked Lines	62,58	60,10	69,00	73,60

JODHPUR RAILWAY.

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	3,62	3,60	3,90	4,12
Maintenance and Supply of Locomotive Power	6,94	6,85	6,61	6,70
Maintenance of Carriage and Wagon Stock	1,88	2,17	1,88	1,90
Expenses of Traffic Department	3,37	3,30	3,18	3,60
Expenses of General Departments	1,51	1,55	1,51	1,51
Miscellaneous Expenses	4,53	4,58	4,42	4,62
Expenses of Electrical Department	1,04	1,10	1,07	90
Total	22,89	23,15	22,57	23,35
Suspense	62	70	—20	15
Total Ordinary Expenses	23,51	23,85	22,37	23,50
(*b*) Appropriation to Depreciation Fund	2,07	2,20	2,20	2,23
Total Working Expenses	25,58	26,05	24,57	25,73
II. Miscellaneous—				
Net earnings payable to worked lines	1,66	1,30	1,20	1,30
Surveys	3	—5	—3	..
Land	..	1	1	1
III. Interest—				
On Government capital at Charge	5,35	5,48	5,43	5,35
Total Interest	5,35	5,48	5,43	5,35
Total Expenditure	32,62	32,79	31,18	32,39
Expenditure of Worked Lines	1,69	1,95	1,80	1,90

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	63·8	51·2	58·2
Operating ratio excluding depreciation	58·6	46·6	53·2

JODHPUR RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Traffic Earnings .—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	1,67	1,90	1,82	1,77
3rd Class	14,58	14,70	14,63	14,38
(*ii*) Other Coaching	1,52	1,65	1,55	1,50
(*b*) Goods	26,19	25,60	26,00	26,00
Total Traffic Earnings	43,96	43,85	44,00	43,65
II. Sundry other Earnings	62	50	50	60
Gross Earnings	44,58	44,35	44,50	44,25
III. Suspense	—4,51	—10	3,50	—5
Gross Receipts	40,07	44,25	48,00	44,20
Total Revenue Receipts	40,07	44,25	48,00	44,20
Profit (+) and Loss (—) for the year	+7,45	+11,46	+16,82	+11,81
Receipts of Worked Lines	3,35	3,25	3,00	3,20

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	52,37	52,50	54,84	55,44
Maintenance and Supply of Locomotive Power	1,61,12	1,61,35	1,58,57	1,60,05
Maintenance of Carriage and Wagon Stock	33,47	36,50	35,61	37,42
Expenses of Traffic Department	62,74	61,90	64,73	69,15
Expenses of General Departments	31,30	31,47	31,55	31,66
Miscellaneous Expenses	34,63	35,25	34,60	33,85
Expenses of Electrical Department	19,63	21,60	21,50	19,75
Total	3,95,26	4,00,57	4,01,40	4,07,32
Suspense	26	35	1,05	1,35
Total Ordinary Expenses	3,95,52	4,00,92	4,02,45	4,08,67
(*b*) Appropriation to Depreciation Fund	89,23	89,50	89,43	89,75
Total Working Expenses	4,84,75	4,90,42	4,91,88	4,98,42
II.—Miscellaneous—				
Company's share of surplus profits	10,18	10,43	11,16	11,93
Net earnings payable to worked lines	11,64	11,90	10,15	10,15
III.—Interest—				
On Government capital at Charge	2,02,08	1,99,48	1,98,50	1,96,38
On other capital (contributed by the Company or otherwise)	23,33	23,33	23,37	23,33
Total Interest	2,25,41	2,22,81	2,21,87	2,19,71
Total Expenditure	7,31,98	7,35,56	7,35,06	7,40,21
Expenditure of Worked Lines	15,59	18,10	12,85	12,85

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	61·6	59·8	60·9
Operating ratio excluding depreciation	50·2	49·0	50·0

MADRAS AND SOUTHERN MAHRATTA RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	22,27	22,50	25,30	24,80
3rd class	1,80,62	1,77,00	1,94,00	1,93,20
(*ii*) Other Coaching	45,26	43,60	48,80	48,50
(*b*) Goods	5,31,54	5,64,65	5,41,00	5,39,50
Total Traffic Earnings	7,79,69	8,07,75	8,09,10	8,06,00
II.—Sundry Earnings	12,58	12,25	13,00	12,00
Gross Earnings	7,92,27	8,20,00	8,22,10	8,18,00
III.—Suspense	—4,80	..	—10	..
Gross Receipts	7,87,47	8,20,00	8,22,00	8,18,00
IV.—Miscellaneous Receipts	..	..	..	..
Total Revenue Receipts	7,87,47.	8,20,00	8,22,00	8,18,00
Profit (+) and Loss (—) for the year	+55,49	+84,44	+86,94	+77,79
Receipts of Worked Lines	27,23	30,00	23,00	23,00

NORTH WESTERN RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Working Expenses—				
(a) Ordinary Working Expenses—				
Maintenance of Structural Works	1,25,03	1,47,00	1,36,35	1,47,72
Maintenance and Supply of Locomotive Power	3,59,80	3,77,40	3,76,68	3,83,79
Maintenance of Carriage and Wagon Stock	1,05,12	1,25,50	1,23,40	1,27,01
Expenses of Traffic Department	1,55,84	1,64,95	1,60,07	1,69,78
Expenses of General Departments	80,72	82,70	82,94	86,07
Miscellaneous Expenses	69,61	74,60	76,60	73,50
Expenses of Electrical Department	54,35	58,55	53,53	54,74
Total	9,50,47	10,30,70	10,09,57	10,42,61
Suspense	2	..	2,40	—30
Total Ordinary Expenses	9,50,49	10,30,70	10,11,97	10,42,31
(b) Appropriation to Depreciation Fund	2,45,98	2,47,70	2,47,40	2,46,10
Total Working Expenses	11,96,47	12,78,40	12,59,37	12,88,41
II. Miscellaneous—				
Net earnings payable to worked lines	26,84	24,95	26,45	26,00
Rebate	1,01	2,08	1,59	1,59
Surveys	—1,29	..	—1,82	..
III. Interest—				
On Government Capital at Charge	5,72,26	5,66,31	5,62,47	5,54,46
Total Interest	5,72,26	5,66,31	5,62,47	5,54,46
Total Expenditure	17,95,29	18,71,74	18,48,06	18,70,46
Expenditure of Worked Lines	30,33	28,40	29,65	29,65

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	70·7	66·8	68·9
Operating ratio Excluding depreciation	56·2	53·6	55·7

NORTH WESTERN RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I. Traffic Earnings—				
(a) Coaching—				
(i) Passengers—				
Upper classes	55,87	61,00	69,00	69,00
3rd Class	4,08,32	4,14,00	4,83,00	4,81,00
(ii) Other Coaching	1,02,03	98,40	1,35,00	1,35,00
(b) Goods	10,82,80	11,60,60	11,62,00	11,51,00
Total Traffic Earnings	16,49,02	17,34,00	18,49,00	18,36,00
II. Sundry Other Earnings	40,76	39,35	31,20	30,75
Gross Earnings	16,89,78	17,73,35	18,80,20	18,66,75
III. Suspense	2,61	..	5,90	3,90
Gross Receipts	16,92,39	17,73,35	18,86,10	18,70,65
IV. Miscellaneous Receipts—				
Guarantee recoverable from Local Government for unremunerative lines	6,20	6,20	6,20	6,20
Other Miscellaneous Receipts	35	31	35	33
Total Revenue Receipts	16,98,94	17,79,86	18,92,65	18,77,18
Profit (+) and Loss (—) for the year	—96,35	—91,88	+44,59	+6,72
Receipts of Worked Lines	57,17	53,35	56,10	55,65

ROHILKUND AND KUMAON RAILWAY

Statement of Revenue Expenditure.

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Working Expenses—				
I.—(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	5,85	6,00	6,03	6,43
Maintenance and Supply of Locomotive Power	12,28	12,10	13,47	13,17
Maintenance of Carriage and Wagon Stock	2,69	3,00	3,06	3,16
Expenses of Traffic Department	4,15	5,30	6,32	7,11
Expenses of General Departments	3,66	3,85	3,81	3,92
Miscellaneous Expenses	1,57	1,72	1,75	1,68
Expenses of Electrical Department	61	73	66	77
Total	30,81	32,70	35,10	36,24
Suspense	9	..	..	..
Total Ordinary Expenses	30,90	32,70	35,10	36,24
(*b*) Appropriation to Depreciation Fund	4,41	4,48	4,45	4,50
Total Working Expenses	35,31	37,18	39,55	40,74
II.—Miscellaneous—				
Company's share of surplus profits	1,05	1,59	2,20	2,20
Net earnings payable to worked lines	20,10	20,35	24,55	24,00
Other Miscellaneous	10	10	10	10
Land	1	..	..	3
III.—Interest—				
On Government Capital at Charge	7,58	7,58	7,54	7,57
On other capital (contributed by the company or otherwise)	2,17	2,17	2,18	2,17
Total Interest	9,75	9,75	9,72	9,74
Total Expenditure	66,32	68,97	76,12	76,81
Expenditure of Worked Lines	13,29	14,25	15,25	15,30

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	46·2	43·1	45·6
Operating ratio excluding depreciation	40·5	38·2	40·6

ROHILKUND AND KUMAON RAILWAY.

Statement of Revenue Receipts.

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	2,06	2,15	2,55	2,30
3rd class	24,52	24,00	28,70	28,50
(*ii*) Other Coaching	3,38	3,50	3,75	3,65
(*b*) Goods	43,64	45,35	53,00	51,55
Total Traffic Earnings	73,60	75,00	88,00	86,00
II.—Sundry Earnings	3,33	3,60	3,80	3,30
Gross Earnings	76,93	78,60	91,80	89,30
III.—Suspense	—58	..	.	..
Gross Receipts	76,35	78,60	91,80	89,30
IV.—Miscellaneous Receipts—				
Other Miscellaneous Receipts	94	1,39	1,25	1,65
Total Revenue Receipts	77,29	79,99	93,05	90,95
Profit (+) and Loss (—) for the year	+10,97	+11,02	+16,93	+14,14
Receipts of Worked Lines	33,39	34,60	39,80	39,30

SOUTH INDIAN RAILWAY

Statement of Revenue Expenditure

(Figures in thousands of rupees.)

Expenditure.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Working Expenses—				
(*a*) Ordinary Working Expenses—				
Maintenance of Structural Works	43,56	45,50	45,89	48,18
Maintenance and Supply of Locomotive Power	1,26,36	1,25,20	1,19,73	1,22,83
Maintenance of Carriage and Wagon Stock	16,89	19,20	17,91	18,02
Maintenance and working of Ferry Steamers and Harbours	3,10	3,70	3,91	4,27
Expenses of Traffic Department	46,99	51,65	53,17	56,29
Expenses of General Departments	24,77	24,65	24,82	25,07
Miscellaneous Expenses	28,99	28,85	28,95	28,50
Expenses of Electrical Department	19,29	21,25	20,22	20,01
Total	3,09,95	3,20,00	3,14,60	3,23,17
Suspense	—1,73	..	—60	..
Total Ordinary Expenses	3,08,22	3,20,00	3,14,00	3,23,17
(*b*) Appropriation to Depreciation Fund.	76,94	77,30	77,45	77,60
Total Working Expenses	3,85,16	3,97,30	3,91,45	4,00,77
II.—Miscellaneous—				
Company's share of surplus profits	3,19	3,58	5,26	10,94
Net earnings payable to worked lines	6,94	7,95	9,65	10,25
Surveys	—1	2	—2	
III.—Interest—				
On Government Capital at Charge	1,53,14	1,50,08	1,49,85	1,47,45
On other capital (contributed by the company or otherwise)	17,03	17,03	17,06	17,03
Total Interest	1,70,17	1,67,11	1,66,91	1,64,48
Total Expenditure	5,65,45	5,75,96	5,73,25	5,86,44
Expenditure of Worked Lines	18,58	23,55	18,85	20,25

NOTE.—The figures relating to Depreciation in this statement and in other parts of the estimates do not concern the Company; they are required for the Government accounts and estimates.

	Accounts, 1939-40.	Revised, 1940-41.	Budget, 1941-42.
Operating ratio including depreciation	70·6	63·3	66·0
Operating ratio excluding depreciation	56·5	50·8	53·2

SOUTH INDIAN RAILWAY

Statement of Revenue Receipts

(Figures in thousands of rupees.)

Receipts.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
I.—Traffic Earnings—				
(*a*) Coaching—				
(*i*) Passengers—				
Upper classes	14,91	15,00	16,45	15,20
Third class	1,89,86	1,94,00	1,97,65	1,96,25
(*ii*) Other Coaching	25,95	26,20	28,55	28,00
(*b*) Goods—	3,05,48	3,39,80	3,56,35	3,53,50
Total Traffic Earnings	5,36,20	5,75,00	5,99,00	5,92,95
II.—Sundry Earnings	15,06	15,50	14,90	14,55
Gross Earnings	5,51,26	5,90,50	6,13,90	6,07,50
III.—Suspense	—6,00	1,00	4,60	..
Gross Receipts	5,45,26	5,91,50	6,18,50	6,07,50
IV.—Miscellaneous Receipts—				
Guarantee recoverable from Local Government for unremunerative lines	3,29	2,29	3,29	1,46
Other Miscellaneous Receipts	52	86	44	10
Total Revenue Receipts	5,49,07	5,94,65	6,22,23	6,09,06
Profit (+) and Loss (—) for the year	—16,38	+18,69	+48,98	+22,62
Receipts of Worked Lines	25,52	31,50	28,50	30,50

APPENDIX X.

Summary of results of working of all State-owned railways.

(In lakhs of rupees.)

Particulars.	Accounts, 1939-40.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Gross traffic receipts	97,65	1,09,25	1,08,25
Miscellaneous receipts	1,71	1,99	2,24
Total Receipts	99,36	1,11,24	1,10,49
Ordinary working expenses	52,26	54,07	55,92
Depreciation	12,59	12,64	12,68
Miscellaneous expenditure	1,07	1,20	1,46
Interest charges	29,11	28,74	28,60
Total Expenditure	95,03	96,65	98,66
Surplus	4,33	14,59	11,83

APPENDIX XI.

Estimated contribution from Railway to General Revenues in 1942-43.

(Based on the figures of Commercial lines for 1940-41.)

		In lakhs.
Capital at charge at end of 1939-40		6,95,91
Capital Expenditure during 1940-41		2,29
Capital at charge at end of 1940-41		6,98,20
1 per cent. of capital at charge		6,98
	Receipts.	
Gross receipts	1,13,10	
Subsidised Company's share of surplus profits, etc.	15	
Interest on Depreciation Fund	1,35	
Interest on Reserve Fund	8	
Dividends on investments, etc.	18	
Miscellaneous Receipts	11	
		1,14,97
	Charges.	
Working Expenses (including depreciation)	67,32	
Payments to worked lines	2,98	
Railway Company's share of surplus profits	48	
Interest on Capital at charge	26,48	
Interest on Capital contributed by Companies	98	
Land and Subsidy	9	
Miscellaneous Expenditure	56	
Contribution at 1 per cent.	6,98	
		1,05,87
Surplus		9,10
1/5th of surplus		1,82
Total contribution from railway revenues		6,98
		1,82
		8,80
Deduct—		
Approximate loss on strategic lines		1,94
Net payment due from railway to general revenues		6,86

APPENDIX XII.

Estimated contribution from Railways to General Revenues in 1943-44.

(Based on the figures of Commercial lines for 1941-42.)

		In lakhs.
Capital at charge at end of 1940-41		6,98,20
Capital expenditure during 1941-42		8,76
		7,06,96
1 per cent. of capital at charge		7,07
	Receipts.	
Gross Receipts	1,12,16	
Subsidised Company's share of surplus profits	13	
Interest on Depreciation Fund	1,51	
Interest on Reserve Fund	19	
Dividends, etc.	18	
Miscellaneous Receipts	10	
		1,14,27
	Charges.	
Working Expenses (including Depreciation)	69,24	
Payments to worked lines	2,98	
Railway Company's share of surplus profits	73	
Interest on capital at charge	26,37	
Interest on capital contributed by Companies	97	
Land and Subsidy	8	
Miscellaneous Expenditure	58	
Contribution at 1 per cent.	7,07	
		1,08,02
Surplus		6,25
Contribution at 1/5th of surplus		1,25
Total contribution from Railway Revenues		7,07
		1,25
		8,32
Deduct— Approximate loss on strategic lines		1,94
Net payment due from railway to general revenues		6,38

PART II.

General Budget.

Budget, 1941-42

Finance Member's Speech

The task which falls to me of placing before this House an account of the main developments since the last annual budget was discussed, has on the present occasion been somewhat lightened by the fact that I made a financial statement during the last session in November, 1940, in the course of which I drew the picture of our finances as it then presented itself. As the facts then brought out will be relatively fresh in the minds of Honourable Members, I shall today devote myself largely to bringing that account up to date, and in particular to a description of the progress of India's war effort in the field of the defence services and of supply. This course, in addition to meeting what I am sure is the desire of this House, will also furnish the most suitable basis for an understanding of our financial position. I shall also take this opportunity of furnishing a fuller explanation of the operations recently announced in connection with the repatriation of a large part of our sterling debt.

2. When speaking of the Indian economic situation in my first Budget Speech, I qualified my reference to the favourable features which were then manifest by emphasising the extent to which the continuance of prosperity was dependent on our ability to export freely overseas. The events of last spring and summer deprived us of our markets on the European Continent and caused a serious deterioration in the volume and facility of the shipping services available for our use. These factors, together with a temporary decline in confidence, which reduced the willingness to hold stocks, resulted in a marked fall of prices in the summer of 1940. This recession has, however, been magnified in some quarters to undue proportions, and it is well to view the facts in proper perspective. In the first nine months of the fiscal year 1938-39, our exports to all destinations amounted to 122 crores ; in the first nine months of the present fiscal year they amounted to 144 crores. Thus the development of new export markets very largely compensated for the loss of old ones. In the second place, prices as a whole are still some fifteen per cent higher than they were at the beginning of September, 1939, and those of certain commodities, *e.g.*, raw materials, are considerably higher. Thirdly, such indices as are available of general economic conditions in India, such as railway traffic and postal receipts, continue to reflect an improvement over pre-war conditions.

3. To this improvement the steadily growing war effort most powerfully contributes. Last year that effort, on the side of the production of stores and of commodities required in connection with the war had barely begun ; the tide of production is now rising rapidly and may be expected to exercise a generally beneficial effect upon the volume of employment and therefore upon the size of the national income. The holding of the Eastern Group Conference in this country and the establishment, consequent upon the deliberations of that Conference, of an inter-Imperial Supply Council at Delhi, illustrate in striking manner the position of India in the present war. No one would wish to see repeated the period of hectically inflated prices which ruled towards the end of the last war, but we can rely upon steadily increasing

industrial effort during the present one, with consequences which seem likely permanently to affect India's position among the industrial nations of the world. The expansion in the demand for the products of Indian industry and the organized efforts which Government are making to increase the supply of trained workers must create an enhanced productive power which will be available in the period after the war, to improve the standard of life in India and to help to lessen the dependence of its growing population upon agriculture and secondary employment.

Financial Year, 1939-40

4. I will now recapitulate briefly the results of the financial year 1939-40. As I explained in the course of my statement last November, the surplus of that year which in our revised estimates we had taken at Rs. 91 lakhs, actually increased to Rs. 7,77 lakhs and the amount transferred to the Revenue Reserve Fund was thus augmented by as much as Rs. 6,86 lakhs. This was the result of an improvement of Rs. 6,81 lakhs in revenue and a reduction of Rs. 5 lakhs in expenditure.

On the revenue side Customs receipts, after the sharp drop that had occurred at the outbreak of war, not only recovered to their previous level but during the closing months of the last financial year, were abnormally high. This was in large part due to the laying in of stocks, the effect of which is seen in corresponding decreases in the receipts of the following year, so that for a fair comparison the estimates and returns of both years should be considered together. In the same way the very large receipts from the abnormal Salt clearances of last winter were off-set by a corresponding reduction in receipts in the current year ; the actual receipts last year exceeded our revised estimate by Rs. 1,86 lakhs while those for the current year are likely to be half a crore below the budget estimate based on the normal annual consumption.

The profits from small coin increased by a further Rs. 37 lakhs. Railway earnings also recorded a further improvement so that the surplus payable to general revenues, though still short of the full contribution, increased by Rs. 72 lakhs.

In addition there were increases of Rs. 21 lakhs under Corporation Tax and Rs. 1,07 lakhs under Income-Tax over our revised estimates, which themselves allowed for an appreciable rise over the new high level established by the actuals for the previous years. To some extent this increase may be taken to reflect the additional revenue due to the provisions of the Income-Tax Amendment Act, the yield from which was bound to be a matter of conjecture

This increase in Income-Tax raised the divisible pool of the total taxes on income other than Corporation Tax from Rs. 13,76 lakhs to Rs. 14,66 lakhs. While we had expected that Rs. 2,38 lakhs would be payable to the Provinces from 1939-40, the amount turned out to be Rs. 2,83 lakhs. In addition to this the arrears due on account of 1938-39 were finally certified as Rs. 39 lakhs instead of Rs. 41 lakhs as provisionally reported. As the sum distributed to the Provinces in March 1940 was Rs. 2,79 lakhs, there is a balance of Rs. 43 lakhs to be paid to them along with their share for the current year.

Financial Year, 1940-41

5. I come now to the current year 1940-41. Our revised estimates for revenue, excluding the additional Rs. 6,86 lakhs available in the Revenue Reserve Fund show a net improvement of Rs. 4,21 lakhs compared with the budget estimates. Against this, however, our revised estimates for expenditure

show a net increase of no less than Rs. 19,54 lakhs, of which Rs. 18½ crores are on account of the Defence Services and Rs. 1,04 lakhs are for expenditure borne by the Civil Estimates, mainly on account of schemes connected with the war. Thus while the budget estimates provided for a nominal surplus of Rs. 5 lakhs and last November I put the estimated deficit, before taking into account the revenue from the fresh taxation then imposed, at about Rs. 13 crores, we now estimate that the deficit on the current year will be Rs. 8,42 lakhs. The improvement is due to the additional revenue that has since accrued, including the further payment of Rs. 2,81 lakhs from the Railways as a refund of arrears of contribution, which has already been explained to the House in the speech of the Railway Member.

Revenue

6. War time conditions are naturally reflected in our reduced receipts from Customs. Against actuals of Rs. 45,88 lakhs for 1939-40, we had estimated for 1940-41 a total of Rs. 39,16 lakhs, while we now estimate this year's receipts at only Rs. 37,75 lakhs. Our receipts under this head are of course affected not only by the cessation of trade with enemy countries but also by the interruption and deflection of shipping. In addition we have had to conserve our resources by restricting imports of many commodities in order that the foreign exchange so saved may be available for the more urgent requirements of the war. Under Excise there is a drop of Rs. 2,10 lakhs from Sugar. As the House is aware, the sugar industry in the main producing areas of the United Provinces and Bihar has during the present year been beset with difficulties. The maintenance in the previous season of artificially high prices for cane together with over-production led during the summer months to a situation in which large stocks were held up in the factories. The industry accordingly found itself in difficulties in the matter of finance and revenue was slow to come in. As a remedy for this it was urged upon us that there should be either a reduction in the duty or that collection of a portion of it should be postponed. After negotiations with the two Provincial Governments a scheme was finally adopted under which the Government of India undertook to lend to the Provincial Governments funds sufficient to enable them to advance to the industry a sum equal to Re. 1 per maund on existing stocks, to be used in part payment of duty. This, combined with some lowering of prices, helped to alleviate the position, though the industry in those two provinces continues, for reasons unconnected with the Central Excise, to be faced with problems of great difficulty. In consequence, we do not now expect that the collections of sugar excise duty in the current year will exceed Rs. 3,15 lakhs as compared with our budget estimate of Rs. 5,25 lakhs.

7. I have already mentioned that our revenue from Salt in the current year is expected to be Rs. 50 lakhs less than the budget estimate. Railway earnings have, however, come to our assistance and the sum they are now expected to pay to Central Revenues under the Railway convention is Rs. 7,15 lakhs, which with the additional refund of Rs. 2,81 lakhs is Rs. 4,65 lakhs more than was provided in the budget estimates. The sum of Rs. 7,15 lakhs is made up of the full contribution of Rs. 4,63 lakhs, which is 1 per cent of the capital at charge less the loss on strategic railways, Rs. 30 lakhs as arrears of contribution from the previous year, and a further Rs. 2,22 lakhs as one-third of the excess over the first Rs. 3 crores of the remainder which would normally be transferred to the Railway Reserve Fund. Other increases are Rs. 92 lakhs under Currency and Mint mainly from the larger circulation of small coin and Rs. 65 lakhs in the surplus of the Posts and Telegraphs Department; while Taxes on Income other than Corporation Tax, including

Excess Profits Tax and the Central surcharge imposed during the year show a rise of Rs. 3,30 lakhs, a part of which goes to increase the share of the Provinces from the budgetted sum of Rs. 3,00 lakhs to Rs. 3,73 lakhs.

As regards Excess Profits Tax the extent of the preliminary work proved even greater than had been expected with the result that returns were not due from assessees before the end of November. The subsequent stages of the assessment proceedings bristle with practical difficulties owing to the complexity of the computations. And to the difficulties ordinarily associated with Excess Profits Tax there is the added difficulty of a separate depreciation computation owing to the change over in the Income-tax law to the written down value basis for depreciation. For these reasons the progress of Excess Profits Tax assessment work has been, and is, very slow and therefore the actual receipts in the current financial year are not expected to exceed Rs. 2 crores. A substantial portion of the original estimated receipts for 1940-41 will accordingly go to swell the collections of 1941-42. This sum may be taken as of the order of Rs. 1 crore.

Expenditure

8. *Defence Services.*—Turning to the expenditure side of the current year, I will now deal with the aspect which overshadows all others, namely, the Defence Services. In my speech introducing the Supplementary Finance Bill last November I gave the House an indication of the extent to which our budget estimate of defence expenditure for 1940-41 was likely to be upset as a result of the momentous developments in the war situation during the early months of that year. I described in some detail the various activities in which India was engaging to meet the direct and indirect threats to her security arising out of the changed conditions. At that time it was estimated that India's share of the financial commitments involved in those activities would amount eventually to roughly Rs. 33 crores on account of initial outlay and Rs. 16 crores per annum on account of recurring charges, while the budget estimate of Rs. 53½ crores for defence expenditure during 1940-41 would be exceeded by at least Rs. 14½ crores. The three months that have passed since then have been a period of steady and rapid progress in the development of India's war effort and I propose at this stage to give the House some particulars of this progress and the achievements already secured or in prospect.

In the interests of security it is not possible for me to bring the figures in every case up to date but what I am going to say will, I hope, show clearly enough that the immensely complicated business of producing efficient modern forces is going forward with speed and energy. In some directions we are, it is true, still held back by the difficulty in obtaining materials which we cannot as yet produce in India and also by the shortage of skilled personnel of various categories. Subject, however, to these limitations, the resources of India are being intensively utilised and developed.

9. The total strength of our armed forces is now well over half a million men of all arms and further expansion is proceeding. Provision has been made for the raising of new armoured and mechanised cavalry regiments; new Indian field artillery regiments, regular infantry battalions, engineer units, more M. T. Sections and all the highly trained and specialised ancillary troops required for modern warfare. The Fighting Vehicles School has continued to expand; a new Cadet Wing has been opened at the Artillery School and an anti-aircraft training centre has been established which is designed to train several hundred students a month. The R. I. A. S. C. Officers' Technical School has been further expanded and its output is now seven times what it was

at the outbreak of war. Mechanical transport training establishments have still further increased and apart from mechanised cavalry, artillery and infantry, who train their own men, the output of trained drivers has grown to 40 times what it was in August 1939. Two new Signal Training Centres have been opened and the training establishments of Sapper and Miner Units have more than doubled since November last.

10. It is impossible to exaggerate the importance of adequate training establishments in an expansion of the scale of that which we are now carrying out. Troops may be gallant and well equipped but they are not likely to succeed in modern war unless their standard of training is very high indeed. The training of the Indian Army has, it is admitted on all sides, been shown to be excellent. This has been proved beyond question by the part which they have played in the recent great victories, where they overcame a well armed and numerically far stronger enemy at surprisingly small cost to themselves. I have dwelt at some length upon this aspect of our war efforts as it is upon this that the pace of our expansion depends. We have no intention of sacrificing efficiency for mere numbers but are determined to follow as closely as possible the high standards which have been set and which have so dramatically and decisively proved their value in the past few weeks.

11. Many of the new units we have raised are now completing their training and a number have already taken up active rôles. When the expansion of the army in India began, owing to difficulties in obtaining equipment, the number of armoured units and artillery regiments included was less than we would have desired. Improvements in the supply situation, however, both in India and the United Kingdom, have now made it possible to remedy this deficiency and our plans include the transformation into armoured and light-armoured regiments of the whole of the existing cavalry and the raising of additional regiments of this kind. With regard to artillery, increasing assistance from His Majesty's Government, both in personnel and equipment, has made it possible to ensure that we do not fall short in this component.

12. With regard to equipment generally His Majesty's Government have recently agreed to a standing arrangement under which India will receive a substantial fixed proportion of the output of the United Kingdom. As a result of this arrangement, steady supplies of all kinds of equipment unobtainable in India, such as guns, machine tools, optical instruments, wireless and other signalling equipment and anti-gas equipment are now forthcoming and will enable us to push forward with the modernisation of our normal defence garrison, and with the equipment of the forces now being raised on a scale adapted to the requirements of modern war.

13. The growth of the Royal Indian Navy which I summarised last November, has continued unchecked; the programme of ship-building in India has been further expanded and the recruiting and training of officers and men to man the new construction is proceeding apace. All instructional establishments have been greatly increased in capacity; a new Signal School is being built and a start has been made with a large new Gunnery School. Other new Naval establishments are in process of development. Some idea of the increase in work being carried out in the Government Dockyard may be gathered from the figures of workmen of all classes and trades employed there. Before the war, the figure was 1,168; it has now risen to nearly 5,000. In addition to meeting our own requirements, a great deal of work has been carried out on behalf of His Majesty's Government in connection with the arming and protection of both British and Indian merchant shipping, and also in the provision of repair facilities to ships of the Royal Navy.

14. As regards the Air Force the difficulties arising from deficiencies of equipment and experienced technical personnel which I mentioned on the last occasion as holding up the expansion of this Arm have recently been considerably lessened. A number of modern aircraft and connected equipment are in sight from American sources and further supplies are expected which will go a considerable way towards completing and modernising the equipment of the squadrons now in India, as well as setting free machines for the training of new squadrons. The arrangements for training personnel have also been considerably improved. Close liaison between the civil and air force training schemes has been established and a proposed amalgamation and re-organization of all available facilities will provide Air Force elementary flying training schools formed around existing flying clubs and an expanded service flying training school. All these institutions will be operating to full capacity in the near future. A start has been made with the formation of the reserve to which I alluded and the training both of officers and airmen is being pushed forward as rapidly as the capacity of the schools permit and as fast as instructional and maintenance personnel and equipment become available. The scheme for establishing aeroplane manufacture in India has reached a new stage and there is now little doubt that the year 1941 will witness the appearance of the first aeroplanes to be produced in India. This achievement, memorable in itself, should prove of great value in speeding up the expansion of India's air force—a development to which we attach supreme importance.

15. The position in regard to the vital matter of supplies has, I am glad to say, substantially improved since I last addressed the House. The Government Ordnance and Clothing factories have been working at the highest pressure for some time past and an indication of what this means can be gathered from the fact that whereas before the war the average number of workmen employed in those factories was under 17,000, the number has now risen to over 45,000 and the curve of production is still rising. Steps have recently been taken to supplement the output of these factories by taking over railway and private workshops and utilising their resources for the production of munitions of war. The Roger Mission, which has been investigating the possibilities of expanding India's output of war supplies has now submitted its reports to His Majesty's Government who are giving them their urgent consideration. We hope that the result will be that India will before long be able substantially to increase her output of munitions.

With a view to stimulating private enterprise and co-ordinating the resources of the country to the fullest extent possible a thorough reorganisation of the Supply Department has been carried out during the last few months and this is already resulting in an increasingly close liaison and co-operation between that Department, other Departments of Government and Indian industry.

16. Mention may also be made here of another important development which is likely to lead to a great improvement in the supply field. Until recently the work of the Supply Department, in so far as it related to compliance with overseas demands was seriously hampered by the fact that the placing of orders in this country to meet such demands was dependent on the receipt of firm indents. Owing to the enormous fluctuations in the demands so placed on the Supply Department and the immediate urgency attaching to most of them it was found impossible to ensure prompt compliance or to make forward arrangements in such a manner as to prevent dislocation of the productive activities of the country and ensure that supplies were obtained at reasonable prices. These difficulties were presented to His Majesty's Government who have now agreed to a forward programme of supply covering the estimated

requirements over a period of about two years ahead. The Department of Supply is thus able to enter into forward commitments within the limits of this programme and so maintain an even flow of production.

17. A further improvement in the supply position has been rendered possible by the receipt of authority from His Majesty's Government to purchase vehicles, machine tools and other essential war requirements in the United States and Canada, to the extent necessary to meet our needs for a considerable period ahead. The restrictions previously placed on such purchases owing to the difficulties regarding dollar exchange had been seriously hampering the process of modernising our Army in India and equipping the newly raised units. An officer has been placed on special duty in America with the object of discovering and effecting purchases of such supplies as are available to India from this source.

Last, but certainly not least in this tale of progress, the deliberations of the Eastern Group Conference will shortly bear fruit in the shape of the institution of an Eastern Group Supply Council to be located in India which will in due course co-ordinate the requirements of various Empire countries and forces operating east of Suez and will ensure that the resources of the participating countries are utilised to the fullest advantage for the successful prosecution of the war.

18. These tremendous developments in the supply field must necessarily give a great stimulus to Indian industries. One of the most important results has been the investigation of the possibilities of establishing new industries in India for the production of stores that have hitherto been imported. The list of stores required both in India and to meet overseas demands is constantly under review and items formerly placed in the category of imported stores are continually being transferred to the indigenous category, a result of the discovery either of methods of producing them in India or of suitable domestic substitutes. As typical examples of this I may mention web equipment, and lubricating oil, bichromates, and acetic acid, which formerly imported, are now being produced in India, while the substitution of cotton canvas for flax canvas, fish oil for codliver oil, and various Indian varieties of drugs for those previously imported has enabled us to transfer their source of supply from abroad to India. This process has been particularly marked in the case of medical stores and whereas prior to September, 1939, 77 per cent of the items included in the priced vocabulary of medical stores were imported the corresponding percentage after 18 months of war is only 46.

From this brief review it will, I think, be realised that India has in addition to providing for her own local defence been able to make a noteworthy contribution to the success of the common cause in the provision both of highly trained troops and high grade material. That contribution is increasing rapidly in quantity and is not diminishing in quality.

19. I must now revert to the purely financial aspect of this remarkable picture of India's war activities. As a result of the further measures which I have just described coupled with the general improvement in the supply position, the estimates of extra cost that were given to the House last November are out of date. Our latest assessment of the cost of all measures to which we are now committed and which were not envisaged at the time of preparing the defence budget for 1940-41, indicates that they will ultimately involve initial outlay of approximately Rs. 52 crores and Rs. 19 crores additional recurring expenditure per annum. The initial outlay and full recurring cost will not of course all come forward in the first year but it is estimated that during

1940-41 the increase in India's defence expenditure on account of these measures will amount to roughly Rs. 17¾ crores.

20. I may perhaps remind the House here that the allocation of war expenditure between India and His Majesty's Government is still governed by the settlement arrived at between the two Governments which was fully explained in my budget speech of a year ago. In accordance with the principles underlying this settlement any forces now being raised that India may agree to send for service overseas cease to be an Indian liability on leaving India and the whole initial cost of raising, training, and equipping such forces as well as the subsequent recurring charges are borne by His Majesty's Government. The details of the revised estimate of defence expenditure for 1940-41 amounting to Rs. 72,02 lakhs are as follows:

	(Rs. in lakhs)
(1) Basic normal budget	36,77
(2) Effect of rise in prices on (1 . .	2,53
(3) India's war measures . . .	24,31
(4) Non-effective charges	8,41
	72,02

The increase of Rs. 53 lakhs in item (2) over the corresponding budget figure is mainly due to the increases of emoluments granted during 1940-41 to British and Indian troops as a war concession. In so far as these increases would have raised the cost of India's normal garrison the extra cost is included under this head. The increase of Rs. 17¾ crores in item (3) has already been explained. Out of the total provision of Rs. 24·34 crores for India's war measures approximately Rs. 15 crores represents the initial cost of such measures; the balance consists of recurring expenditure. The revised estimate for non-effective charges—item (4)—has for the present been fixed at the normal budget level of 1939-40 but discussions are in progress with His Majesty's Government with a view to reaching a settlement that will regulate the allocation of these charges as has already been done for effective charges. The effect of the war on these charges obviously cannot be foreseen though happily there has so far been no appreciable increase owing to the absence of heavy casualties. I should here point out that the increase of Rs. 24·31 crores shown against item (3) over our normal defence expenditure by no means reflects the full magnitude of India's war effort since it excludes the cost of supplies and services rendered by India to His Majesty's Government, which is substantially greater than this amount.

I should also mention here that His Majesty's Government besides paying in full for all such supplies and services are providing free of charge much of the equipment needed for the modernisation of the Army in India and for the initial equipment of units now being raised in pursuance of our expansion scheme.

Civil Estimates

21. The principal items mainly responsible for the increase in Civil expenditure, such as the schemes for the training of the Air Force Reserve and that for war technicians, were explained in some detail in my Statement last November and I will not repeat the account which I then gave to the House. Though the additional civil expenditure then accounted for was approximately Rs. 2,30 lakhs, the actual net increase in civil expenditure works out at only Rs. 1,04 lakhs. In the first place there is a reduction of Rs. 71 lakhs in Interest

charges. This is mainly due to smaller payments on account of Post Office Cash Certificates and Savings Bank Deposits and to lower interest rates on our short-term debt, the volume of which has also been reduced in recent months by the success of the Indian Defence Loans. Again, on account of a change of accounting procedure, which also brings about a corresponding reduction on the revenue side, the amount of Rs. 67 lakhs received from Burma as her share of pensionary charges is now to be taken in reduction of expenditure instead of as a revenue receipt under Payments by Burma.

22. Thus our Revised Civil Estimates for the current year are expected to amount to Rs. 40,11 lakhs as compared with the Budget Estimate of Rs. 39,07 lakhs. With the net Defence Expenditure placed at Rs. 72,02 lakhs our total expenditure is estimated at Rs. 112,13 lakhs as against our total revenue of Rs. 103,71 lakhs. We are therefore left with a deficit of Rs. 8,42 lakhs in the current year. As, however, the amount provided for the reduction or avoidance of debt was Rs. 3 crores, the net addition to our indebtedness is only of the order of 5½ crores.

Financial Year, 1941-42

23. I now come to the financial year, 1941-42. Our total revenue estimates amount to Rs. 106,39 lakhs as compared to Rs. 103,71 lakhs in the revised estimates of this year. Though there is no further balance available in the Revenue Reserve Fund, which provided Rs. 7,77 lakhs in the current year, this is more than made up by the first full year's receipts from the Excess Profits Tax and the Central Surcharge imposed last November. We have to allow for a further drop of 3 crores under Customs, but larger receipts are anticipated from Central Excise Duties and Salt. Also the contributions to be paid to General Revenues by the Posts and Telegraphs Department and Railways are estimated at Rs. 38 lakhs and Rs. 22 lakhs respectively higher than their increased contributions in the current year.

Revenue

24. Against our current year's estimate of the yield from Customs duties of Rs. 37,75 lakhs, we have taken for 1941-42 the still lower figure of Rs. 34,75 lakhs. War time factors already described in connection with the current year's receipts must be expected to continue to affect our revenue from Customs adversely, and under present conditions no one can foresee when the process will end, or the extent to which these factors may operate in the coming year. I can only say that our estimates are based on the assumption that present tendencies will continue and that there will be no violent change.

25. Our total estimates for Central Excise Duties show an increase of Rs. 1,75 lakhs almost entirely on account of sugar. We have raised our next year's estimate of the total yield from ordinary Corporation Tax and Income-Tax by approximately half a crore to Rs. 21½ crores taking account of the fact that the assessments will be based on incomes derived from a full year of war profits. At the same time the surcharge imposed for Central purposes is expected to produce Rs. 5,68 lakhs. In the light of general trading conditions during the current year the yield from Excess Profits Tax for the year 1941-42 is estimated at Rs. 7½ crores, which with the carry-over of Rs. 1 crore from the current year gives a total estimate of Rs. 8½ crores. Though Excess Profits Tax receipts are included in the total Taxes on Income, the share payable by Companies, which is roughly estimated at

five-sixths, falls under Corporation Tax and thus goes in full to Central Revenues. The Excess Profits Tax on incomes other than those of Companies is expected to yield Rs. 1,42 lakhs and the divisible pool of Income-Tax to increase on account of this from Rs. 16,47 lakhs to Rs. 17,93 lakhs. The share of the Provinces is thus expected to reach the figure of Rs. 4,46 lakhs as compared with Rs. 3,73 lakhs this year.

26. There is also an increase of Rs. 60 lakhs under Salt as compared with the Revised. With the utilisation of the large stocks carried over from last year, we count on the usual demand for fresh supplies next year and in consequence take our estimate of Salt revenue at the average figure of Rs. 8,30 lakhs. We are allowing for a decrease of Rs. 1,21 lakhs in Mint receipts as compared with our revised estimates for 1940-41. We have now decided that from next year an average figure of Rs. 45 lakhs from the profits from the circulation of small coin is to be taken to Revenue and any balance over this figure credited to a Suspense Account which will be available to even out the receipts over a series of years. For in years when there is a large demand for small coin the profits are abnormally high, while in others when there is a net return from circulation there is a loss to Government. The new procedure will tend to keep the revenue receipts from this source stable from year to year and will mitigate instead of aggravating the difficulties experienced in years of depression on this account. Under Currency however there is an increase of Rs. 1,25 lakhs. We are taking the Government's share of the Reserve Bank's profits, Rs. 1,17 lakhs higher on account of the higher interest which will be earned on the rupee securities held by the Bank in place of their sterling balances, and the receipts from the Currency Note Press are expected to improve by Rs. 8 lakhs. Included under Other Sources of Revenue are Rs. 63 lakhs on account of War Risk Insurance premia, the payment of which into the Fund created for this purpose is provided under expenditure.

27. *Posts and Telegraphs.*—For next year the revenue of the Posts and Telegraphs Department is expected to be Rs. 13,49 lakhs and expenditure Rs. 12,09 lakhs. The larger revenue is almost wholly due to the effect of the increases in rates. The expenditure reflects the normal growth of pay and pensionary charges in an expanding service, with some additions to maintenance charges and to the contribution to the Renewals Reserve Fund due to the rise in the prices of stores and in the value of the assets.

In my last Budget Speech I reminded Honourable Members that under the system of commercialisation of accounts of the Posts and Telegraphs Department the surplus of the Department forms a reserve for it on which interest has to be paid by General Revenues. I also indicated that the procedure by which the general tax-payer obtains immediate relief by incurring a future liability could not be extended indefinitely. The recent increase in rates being a measure of taxation the Posts and Telegraphs Department cannot claim the extra revenue on this account as part of its ordinary surplus. The estimated extra revenue due to this factor, namely, Rs. 33 lakhs in 1940-41 and Rs. 1,00 lakhs in 1941-42, will therefore be transferred outright to general revenues. Further the recent surpluses of the Department are due largely to war conditions, and Government traffic has contributed substantially to them. It has been decided that on the accumulated surplus beyond Rs. 1,00 lakhs the Department will not be credited with any interest. For the present this change in the former procedure is considered a sufficient adjustment to war circumstances.

The licences of the Bengal, Bombay and Madras Telephone Companies expire in 1943. It has been decided not to renew the licences and negotiations are in progress to acquire by purchase the shares of the companies in

order that the change-over may be effected smoothly. A "Government Telephone Board" has been formed to run the business in the interim period. The new arrangement is expected to start functioning about the beginning of the next financial year. An addition of Rs. 4,75 lakhs to the Telephone Development Fund will be necessary to finance the "Government Telephone Board". A proposal for a supplementary grant for this purpose will be brought forward later in this session.

Expenditure

28. *Defence Services.*—The Defence Budget for 1941-42 amounts to Rs. 84,13 lakhs made up as follows :—

	(Rs. in lakhs)
(1) Basic normal budget	36,77
(2) Effect of rise in prices on (1) . . .	3,55
(3) India's war measures .	35,40
(4) Non-effective charges	8,41
	84,13

The increase over the revised indicated at item (2) is due to the fact that the increases in emoluments granted as a war concession to British and Indian troops took effect from various dates in 1940-41 whereas they will be in force throughout 1941-42.

The growth of expenditure on India's war measures has already been explained at length. The effect of this growth on the defence budget for 1941-42 is shown at item (3) the increase over the revised being Rs. 11,09 lakhs. Approximately half the total amount of Rs. 35,40 lakhs provided for India's war measures represents the initial cost of these measures, the balance consisting of recurring charges. I should like here to impress upon the House the fact that in these estimates of Defence Expenditure only such specific schemes and measures as are definitely under way or in sight have been provided for Our Defence plans have to be adapted from time to time to meet the ever changing war situation, which means that additional projects are constantly being undertaken, and it is clearly impossible to make any forecast of the cost of such unforeseeable items. The provision for non-effective charges has been retained at the normal figure for 1939-40 for the reasons already given. Here too as I have remarked in connexion with the revised estimates the figures exclude the value of supplies and services rendered by India to H. M.'s Government. The charges borne by that Government on this account during 1941-42 are expected to be more than double the amount of India's war expenditure.

Civil Estimates

29. Our Civil expenditure estimates show increases amounting to Rs. 2,61 lakhs in all as compared with the current year's revised estimates. There are first the additional sums on account of the full year's working of the various schemes arising out of the war which were started in the course of the current year. Thus next year the training of the Air Force Reserve is expected to cost Rs. 33 lakhs and the Scheme of Technical Training to provide the needs

of skilled labour of the technical branches of the Defence Services and Ordnance and munitions factories a further Rs. 93 lakhs. Under this scheme, which provides for the training of 15,000 men by the end of March 1942, nearly 2,000 men are already being trained at different training centres and their number is increasing every day. Of the total cost of Rs. 1 crore, over 85 per cent of which is for stipends to trainees and their training fees, it is now estimated that Rs. 7 lakhs will be spent in the current year and the remainder next year. Then there are a number of new items of essential expenditure which the Standing Finance Committee have approved for inclusion in the budget. These include the share of the subsidy to this year's Haj pilgrimage to be paid by the Government of India to meet the extra cost attributable to, war conditions, the establishment of a new Broadcasting station at Karachi, and a further programme of Civil Aviation Works. Rs. 5 lakhs are to be spent in the course of next year on the new Broadcasting House to be built at Delhi. Rs. 9 lakhs are being provided for a new high power transmitter for broadcasts to countries outside India, intended for the benefit of Indian nationals abroad and to enable India to present her point of view, as well as to counteract enemy broadcasts in those countries. A third Mint is to be constructed to cope with the present large coinage demand, which has increased so enormously as the result of the war. As soon however as the situation returns to normal, it is proposed to close down the existing Calcutta Mint and to transfer all serviceable plant to the new Mint so that the present valuable but congested site can be sold to defray a large part of the cost of the scheme. A substantial share of the new expenditure included in the Budget is on account of the Department of Supply which has continued to expand throughout the year to meet the ever growing demands. The great developments in the production of war material, as well as the re-organisation of the Department carried out last December have already been described in connection with Defence. As regards the effect on industry of the orders placed on behalf of overseas Governments it may be mentioned that these have included $2\frac{1}{4}$ million yards of jute canvas, $3\frac{1}{4}$ million yards of a new jute and cotton fabric, 12 million yards of khaki materials, as well as 14 million yards of canvas valued at over Rs. 1,40 lakhs. At the same time the woollen industry's whole production has been absorbed to meet war demands. The production of army boots, harness, saddlery, and leather equipment which is now 30 times the pre-war average, has resulted in large orders for the tanning industry and increased demands for hides. New manufacturing plant to meet the requirements of chemicals formerly drawn from Europe are under construction. 400,000 tons of timber and over a million railway sleepers have been purchased for military requirements while wooden articles like tent poles, camp furniture and packing cases to the value of Rs. 60 lakhs have been made by Indian workmen from timber grown in the country. The total value of all these orders placed on behalf of His Majesty's Government and other allied Governments up to the middle of January exceeded Rs. 82 crores. This gives some indication of the necessity for the expansion of the Department's purchasing organisations. The expenditure on this account has increased from the figure of Rs. 23 lakhs originally provided in the budget for the current year to Rs. 58 lakhs as now estimated for next year.

SUMMARY

30. I can now summarise the figures for 1941-42. The expenditure detailed in the civil estimates comes to Rs. 42,72 lakhs as compared with Rs. 40,11 lakhs for the current year, and with the provision for the Defence

Services placed at Rs. 84,13 lakhs, our total expenditure estimates amount to Rs. 126,85 lakhs. The figures are therefore :

	(Lakhs)
Revenue	106,39
Expenditure	126,85
Prospective Deficit .	20,46

Ways and Means

At this stage I propose to deal with the Ways and Means position as it has developed in the course of the last twelve months, when despite the grave repercussions of the war the credit of the country has been fully maintained at its previous high level.

31 *Defence Loans.*—Our loan programme for the year was merged in the Indian Defence Savings Movement which was launched early in June with the issue of Six Year Defence Bonds, Ten Year Defence Savings Certificates and Interest-free Bonds. From the 1st August we made these Six Year Defence Bonds the mainstay of our loan programme and removed the previous maximum on individual holdings. These Defence Bonds met with a ready and increasingly popular reception, and when we closed them on the 25th January, subscriptions totalled nearly 45 crores, 31½ crores having been tendered in cash and the balance by conversion of the 5 per cent Loan, 1940-43. As from 1st February we issued on terms slightly more favourable to the tax-payer a second 3 per cent Defence Loan with a longer currency and repayable at par. The results of these Defence Loans, the total receipts from which in a period of eight months have amounted to over Rs. 50 crores, testify to the strength of India's financial credit and are a good augury for the future. But I must take this opportunity of emphasizing the desirability of an even more intensive mobilisation of the country's savings if India's war effort is to continue to be financed in the most satisfactory way. However, generous the donations for war purposes may be—and no one can fail to be impressed with the response so far made—it is obvious that the total of the sums received as donations can only form a very modest fraction of the amount required to finance the war effort. The fulfilment of that requirement calls for the efforts of every individual to save to the best of his capacity and to invest his savings in one or other of the different types of Defence Loan, which we have instituted to serve different needs. In addition to the Loans already described, we have started a Defence Savings Provident Fund for all Government servants which makes it easy for these classes to make regular investments. Subscriptions to this are already approaching the scale of half a crore a year. We shall shortly have in operation a simple system of facilitating popular saving by means of a new scheme of Post Office Savings Bank Accounts, the amounts in which will be repayable not on demand but a year after the end of the war. This will afford further facilities to those of limited means who desire to invest their savings so as to assist the war effort. In order to encourage deposits of this kind, the rate of interest has been fixed at one per cent higher than the existing rate on ordinary Postal Savings Banks Accounts.

During the current year Government exercised their option of repaying the 5 per cent Loan, 1940-43 and thereby effected an appreciable saving in our interest charges. Next year we are making provision for the repayment of the

3 per cent. Bonds, 1941, the outstanding balance of which, about Rs. 10½ crores, falls due for payment on the 15th September next.

32. *Sterling Position.*—Owing to the continued improvement in the country's balance of trade, the Reserve Bank have been able to purchase large amounts of sterling which in the first ten months of the current year aggregated approximately £47 millions. At the same time with large payments being received in the United Kingdom on account of recoverable war expenditure and the cost of supplies made to His Majesty's Government the amount of remittance required by Government has diminished to vanishing point. For our ordinary sterling requirements, excluding the amount that will be required to finance the debt redemption operation now pending, are now expected to amount to no more than £1 million in the current year, while next year instead of having to remit funds to the Secretary of State we actually expect a refund of £26 million.

33. *Repatriation of Sterling Debt.*—As I explained in my Budget Speech last year, these acquisitions of sterling continued to enable the Reserve Bank to put large amounts at our disposal for the repatriation of our sterling debt. Considerable open market purchases were made in London, particularly in the early months of the year and the total acquired in this way now stands at approximately £28½ million. As the securities market improved, however, and as the floating stock was removed, it became increasingly obvious that purchases on this scale would no longer be possible except at a cost of pushing prices up beyond a reasonable level. In these circumstances, the British Government came to our help by issuing orders under their special war powers compelling holders resident in the United Kingdom to sell their stocks to them for delivery to us at the market prices prevailing at the time of the order. The Reserve Bank agreed to provide the sterling and to guarantee the immediate financing of a scheme framed on these lines to cover all our terminable obligations, that is to say, all our sterling debt which has to be repaid on fixed dates, amounting to a total which at the prices of acquisition may be taken as approximately £90 million or Rs. 120 crores. The whole of this will, of course, not have to be paid in sterling because a certain amount, though how much we do not know yet, is held by persons who are not legally considered as resident within the United Kingdom and to whom, therefore, the order does not apply. These may be residents either in India or elsewhere. As regards the latter, the Reserve Bank has made arrangements with the Bank of England that, subject to the English regulations regarding export of capital abroad they will make an offer to non-resident holders to sell their securities on the basis of the prices fixed for their compulsory acquisition. I anticipate that many of the holders will avail themselves of this offer because once the bulk of the debt has been paid off the remaining stocks will not be easily marketable in London and it would therefore be to the advantage of the holders to dispose of them and choose some other investment. We had also to decide what terms should be given to these stocks when held by residents in this country and we decided that we would pass a corresponding compulsory order of acquisition at the same price as those fixed in London. To avoid disturbing the portfolios of insurance companies and other investors, however, we decided that we would elaborate the scheme which I mentioned to you last year of creating rupee counterparts so as to give Indian holders the option of taking over such counterparts to the extent of the nominal value of their holdings worked out at the rate of 1*s.* 6*d.* to the rupee. I hope that this offer will be largely accepted as it will be both to the holders' advantage and ours: it will be to our advantage as it naturally lessens the immediate payments which we have to make and it will be to

theirs, because the sterling prices of these loans were slightly lower than those of corresponding rupee securities, so that they should gain to a slight extent on the change.

34. This brings me to the machinery for financing the operation. There are clearly two stages: first, we buy the sterling from the Reserve Bank and secondly, we have to obtain rupees to pay for that sterling. It would be obviously quite impossible to attempt to borrow this immediately from the market even apart from our Defence borrowing requirements, and it would be inconsistent with the policy which we are following with the co-operation of the Reserve Bank of maintaining money at as cheap a level as is possible without inflation so as to minimise the burden of the war. We have found it impossible, within the limited time at our disposal, and in the absence of more definite information than is available at present of the amounts held by investors in the United Kingdom, in India and elsewhere to decide on the permanent arrangements for this purpose, but for budgetary purposes and as an *interim* measure pending more detailed consideration, we are adopting the procedure of maintaining the *status quo*, and of issuing in lieu of these sterling loans rupee counterparts which will bear the same rate of interest and be payable on the same dates, the only difference being that, in future, they will be payable in rupees and not in sterling. Later we shall have to determine, in consultation with the Reserve Bank, a procedure which will be simple and fair both to the general tax-payer and to the Bank, which has co-operated so readily and promptly with the Government in financing this important transaction, and which will at the same time avoid any necessity for an automatic increase in our short-term debt which might entail dangerous inflationary consequences later.

35. The proportion in which the Reserve Bank will distribute the securities taken up by it between its Issue and Banking Departments as a longer range holding is for that bank to determine in the light of circumstances as they develop and in co-operation with Government. It is obvious, however, that the cancellation of this large block of sterling liabilities with its reduction in our overseas obligations to the extent of well over £3 million a year does permanently strengthen our external position and consequently makes it reasonable for the Reserve Bank to hold a somewhat lower proportion of external assets than previously. There is, of course, no necessity or intention of reducing the minimum percentage of the external assets which they must hold under the Act, that is to say, 40 per cent of their note liabilities, nor is there any necessity, as has been suggested in some quarters, to effect a statutory revision of the prices at which they hold their gold. All that was necessary was to remove the restriction on the maximum amount of Government securities which the Reserve Bank can hold in their Issue Department and that has been effected by the abolition of the proviso to Section 33 (3) of their Act. This does not in any way affect their statutory responsibilities under the Act. It merely gives them a freedom of choice which they did not have in the past, as to the proportions in which they should hold Government securities or internal trade bills. It is also unnecessary, and we do not propose, to alter the limits on the Government securities which they can hold in the Banking Department.

I am afraid that it will not be possible to give precise figures until the 10th March when the returns asked for by the Bank of England and ourselves will have been received, but we are confident that the Indian securities market is so healthy that the finance of this large operation can be effected without detriment to Indian security prices and that, on the contrary, the effect on them is more likely to be stimulating.

36. The House will no doubt appreciate fully to what extent this single operation, which is the largest of its kind ever carried out in this country, will improve the financial position of India. When it is complete, we shall not only have reduced the Government of India's external debt by about Rs. 120 crores, by replacing the sterling liabilities thus cancelled with corresponding rupee liabilities, but shall also have reduced such of our interest charges as are payable in sterling by as much as 50 per cent over the last six years. Taking the whole period since 1935, and including the amounts of sterling Railway annuities and debentures discharged each year and the transfer of our liabilities in respect of sterling family pensions, we shall have reduced our sterling obligations by over Rs. 220 crores, of which about Rs. 145 crores will have been repatriated since the beginning of the war.

37. In the past, Indian opinion has been much pre-occupied, perhaps unduly so, by the so-called "drain", that is, the sum-total of the external obligations, on capital and interest account, which had of course to be met by providing sterling in London—the counterpart of the physical exports out of the sale proceeds of which these amounts were raised. It will be obvious to the House that the conversion of external into internal debt will diminish the strain upon the ultimate cash-reserves of the country—our holdings of gold and other external assets—which tends to manifest itself when, in consequence of world-events over which we have no control, the value of our overseas trade declines. There has been in certain quarters a disposition to doubt the value of these conversion operations, since they have involved a reduction for the time being, at least, in the size of the sterling holdings of the Reserve Bank. These holdings have risen greatly since the outbreak of the war, an increase which has given rise to much criticism. Even after the reduction involved in the present operations, our sterling reserves will still be in the neighbourhood of Rs. 80 crores, a figure almost exactly the same as the average sterling holdings during the last full pre-war year. But, in fact, it is not the absolute size of the reserve which matters, but the size of the reserve in relation to the magnitude of the most pressing liabilities against which it is held. Our cash reserves are held in the first instance as a protection against external liabilities, failure to meet which would instantly react upon India's financial credit. By these operations we reduce the size of our external obligations and therefore permanently strengthen our position. I may emphasize again that these operations do not affect the size of our gold reserves in the least and do not involve any change either in monetary policy or in the day-to-day operations of the currency system.

38. The immediate object of the transactions was the replacement of sterling by rupee obligations and the real gain to the country lies in the liquidation of external obligations which might prove an embarrassment in future. Even otherwise Government are likely to be immediate gainers though at present it is not possible to estimate with any approach to accuracy the immediate effect on our revenue position. The profit due to the difference between the rate of interest earned by the Reserve Bank on its sterling investments and the redemption yield of the securities acquired at the prices paid must ultimately accrue, practically entirely, to Government either through the increase in the profits of the Reserve Bank, to the extent to which these securities are held by it, or directly to the extent to which Government hold these in their own portfolio, or cancel them from the funds which they borrow from the market. Later as the market gradually absorbs these liabilities in whatever form they will ultimately take, whether as rupee counterparts of the sterling loans they replace, or in the form of a simpler scheme of converted

loans of suitable maturity, the gain may be reduced but against such reduction will, of course, be set off the increased receipts from income-tax.

39. In my judgment these operations cannot fail greatly to strengthen India's credit. There can be few countries in the world to-day fortunate enough to possess sufficient liquid resources to repatriate a large portion of their external debt, whilst leaving their Central Bank in a position of unchallengable strength. In relation to the growing resources of India our external debt will now be of remarkably modest proportions. Should a situation ever arise in which India were required to raise capital abroad—a contingency which I for one do not foresee—the fact that our existing external liabilities are so small would obviously be of the greatest importance in determining the rate of interest which we would be required to pay.

40. There is of course another aspect of our repatriation operations at the present time and that is the manner in which they assist His Majesty's Government to finance the prosecution of the war. It is obvious that if India repays her creditors in London, then particularly at the present time and in the present conditions of the London money market the greater part of the sums so disbursed will be re-lent to His Majesty's Government probably in the form of investment in the Defence loans and will thus become available for Britain's use in a more permanent form than when they formed part of the balances of the Reserve Bank and were invested in sterling Treasury Bills. To this extent we may well feel gratified that India, in improving her own position, has also contributed to facilitating the war-time problems of Britain.

41. *Treasury Bills.*—Apart from financing these repatriation operations, we would have reduced the value of treasury bills outstanding by about eight crores in the current year, despite the large expansion in Defence expenditure and the heavy outgo from Postal Savings Banks and Cash Certificates which would ordinarily have necessitated a large increase in our floating debt. For these factors have been largely offset by the favourable response given to our Defence Loans, the capital receipt of Rs. 12 crores from the Reserve Bank on account of the Re. 1 notes and silver rupees issued to them and the fact that the payment of five crores to the Reserve Bank provided for against a return of surplus rupee coin was not required. For the moment we are reckoning on a decrease in Treasury Bills of Rs. 3½ crores during the two years taken together.

42. *Post Office Cash Certificates and Savings Banks.*—It will be observed from the Ways and Means statement, which is printed with the Explanatory Memorandum on the Budget, that the figure for net repayments of Post Office Cash Certificates has been increased in the revised estimate for the current year from Rs. 1½ crores to Rs. 10 crores, while for Postal Savings Banks deposits we are providing for a net outgo of Rs. 19 crores against the receipt of Rs. 2 crores taken in the budget. For during the period of uncertainty following the fall of France last summer there were large withdrawals from Postal Savings Banks and heavy discharges of Cash Certificates, coupled with a tendency to hoard savings in the unproductive form of silver rupees. Since then however there has been a marked and progressive improvement and for next year we are assuming a net deposit of Rs. 2 crores in Postal Savings Banks and a net repayment of Rs. 6 crores of Cash Certificates, the popularity of which has naturally been affected by the issue of Defence Savings Certificates, which provide a very similar and in some ways more attractive form of investment.

43. I return now to the estimated revenue position for next financial year, which as I indicated a few minutes ago reveals a prospective deficit of Rs. 20,46 lakhs. I would at this point remind Honourable Members of the

extent to which the railway contribution has come to our assistance and how greatly it has mitigated our difficulties. It remains for me to place before the House the proposals which I have formulated in regard to the deficit.

44. I deal first with direct taxation, namely, the Excess Profits Tax and the Income-tax. It is true on the whole that at the present moment the main economic advantage which is derived from India's war supply activities accrues to the industrial and commercial sections of the country, and the direct tax-payor may fairly be called on to shoulder the larger share of any further burdens which are to be imposed. I propose that the profits of a further period of one year shall now be subjected to the Excess Profits Tax, and that the rate applicable to such profits shall be 66 2/3 per cent. I think it relevant to remind the House of the remarks which I made regarding the effect on the incidence of this tax of the important modifications which were made in the clauses of the Excess Profits Tax Bill dealing with the optional standard periods, and also the special provisions for new industries and for such matters as abnormal depreciation. I have little doubt that with these features of our system the new level of the tax will neither cause substantial hardship to existing industries nor operate to impede the growth of new ones. The change in the percentage will however introduce a complication where adjustments have to be made for the assessment of the previous year, and to regulate this aspect a small amending Bill will be brought forward. The yield of this enhancement of the Excess Profits Tax is estimated at 2½ crores. As regards income-tax and super-tax, I propose that the present Central surcharge of 25 per cent. should for the year 1941-42 be raised to 33 1/3 per cent. This is expected to yield an additional Rs. 1,90 lakhs.

45. In the field of indirect taxes, my main proposal is to double the excise duty on matches. I may observe here that the present duty was fixed in relation to a certain retail price, and that changes in that price must be in terms of the lowest unit of currency in common use and are thus not susceptible of fine gradation. Over large parts of the country the retail price has already advanced to the next higher point, yielding a large uncovenanted profit to the trade. The increase in duty now proposed will appropriate for the Exchequer a due share of the enhanced retail price which the consumer has to pay. A corresponding increase will automatically ensue in the duty on imported matches, and a similar increase will be made in the duty on mechanical lighters. The yield of the additional duty on matches is estimated at Rs. 1,50 lakhs.

I have two other smaller proposals. One is to increase the import duty now leviable on artificial silk yarn and thread, an item in our import trade which, unlike most others, appears to offer, even in war time conditions, the possibility of higher revenue. The duty on artificial silk yarn and thread stands at 25 per cent. *ad valorem* or 3 annas per pound whichever is higher, and I propose to increase the alternative specific duty to 5 annas per pound. The yield of the increased tax on these yarns and thread is taken at Rs. 36 lakhs.

The second of my smaller proposals is to introduce a new excise duty of 10 per cent. *ad valorem* on pneumatic tyres and tubes. The manufacture of these tyres and tubes in India was set up a few years ago, and the domestic supply now fills a large proportion of the demand which formerly was met by imports on which a revenue duty of 25 per cent. *ad valorem* is levied. The yield of this new duty, for the imposition of which a separate Bill will be introduced, is estimated at Rs. 35 lakhs.

The new duties on matches and on artificial silk yarn and thread will take immediate effect, by virtue of a certificate under the Provisional Collection of Taxes Act.

46. The total estimated yield of this new taxation is Rs. 6,61 lakhs, which brings the estimated revenue for 1941-42 to Rs. 113,00 lakhs and reduces the prospective deficit to Rs. 13,85 lakhs. This is still a formidable gap in relation to the scale of Indian finances, and I must confess that I shall be more sensitive to the criticism of that smaller and less vocal body who may feel that the contemporary contribution by taxation to the cost of the war is too little than of the doubtless large multitude who would say it is too great. It is not merely that the estimated gap is large, but that the unforeseen contingencies of the year ahead are obviously far more likely to widen than to narrow it. On the other hand it must be remembered that our expenditure estimates still contain a provision of Rs. 3 crores for the reduction and avoidance of debt. Again, there is a factor at present incalculable which may emerge from the Indo-Burma trade negotiations now proceeding, since any modification of the existing free trade regime must result in some increase of revenue. In any case it is not the proportion of next year's deficit to be met by taxation which is important, but the share of the whole additional cost of our war measures which is so provided. Judged by that criterion, I feel that the position is fully defensible. The uncovered revenue deficit will of course be met by borrowing which will be part of the larger programme, the necessity of which I have explained at an earlier stage.

I have little doubt that greater sacrifices await us but it is indisputable that the inherent soundness of India's financial position entitles her to face the future with courage and confidence. This is no time for complacency, but whatever may be in store in the weeks and months that lie ahead, there is reason for satisfaction in the way in which the financial and economic structure of India has withstood the strains and stresses of one and a half years of war, while enabling her to play a part, of which she may be justly proud, in this mortal struggle for the ideals of enlightened humanity.

BUDGET

of the

Governor-General in Council

As laid* before the

Indian Legislature, 1941.

FINANCE DEPARTMENT;
New Delhi, the 28th February 1941.

C. E. JONES,
Secretary to the Government of India.

(*This was Adopted without any modification.)

CONTENTS.

	PAGES.
I.—GENERAL STATEMENT of the REVENUE and EXPENDITURE charged to REVENUE of the CENTRAL GOVERNMENT	22—23
II.—GENERAL STATEMENT of the RECEIPTS and DISBURSEMENTS of the CENTRAL GOVERNMENT	24—25
A.—STATEMENT of the REVENUE of the CENTRAL GOVERNMENT	26—27
B.—STATEMENT of the EXPENDITURE charged to REVENUE of the CENTRAL GOVERNMENT	28—30
C.—STATEMENT of the RECEIPTS and DISBURSEMENTS of the CENTRAL GOVERNMENT	31—38

I.—General Statement of the Revenue and Expenditure

[In thousands of Rupees.]

	For details, *vide* Statement.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Revenue—					
Principal Heads of Revenue—					
Customs	A	45,87,61	39,16,00	37,75,00	35,11,00
Central Excise Duties	,,	6,52,50	10,14,00	8,50,00	12,10,00
Corporation Tax	,,	2,37,76	5,30,00	4,47,00	12,62,00
Taxes on Income other than Corporation Tax	,,	14,19,93	14,20,00	16,34,00	23,00,00
Salt	,,	10,85,88	8,20,00	7,70,00	8,30,00
Opium	,,	47,14	47,37	47,17	52,55
Other Heads	,,	99,48	1,01,27	1,11,30	1,10,97
TOTAL PRINCIPAL HEADS		81,30,30	78,48,64	76,34,47	92,76,82
Railways: Net Receipts (as shown in Railway Budget)	,,	34,07,09	37,82,07	43,07,80	41,09,42
Irrigation: Net Receipts	,,	83	74	26	84
Posts and Telegraphs: Net Receipts	,,	1,63,26	1,06,72	1,71,31	2,09,53
Debt Services	,,	76,05	61,38	63,38	61,29
Civil Administration	,,	1,06,72	1,05,39	1,13,64	1,12,71
Currency and Mint	,,	1,27,66	1,24,39	2,16,86	2,21,44
Civil Works and Miscellaneous Public Improvements	,,	29,95	32,81	30,91	28,45
Miscellaneous	,,	1,46,60	1,20,06	1,56,31	1,34,67
Defence Services	,,	72,52	5,88,56	81,93	44,14
Contributions and Miscellaneous Adjustments between Central and Provincial Governments	,,	...	..	...	.
Extraordinary Items	,,	3,15,77	4,02,89	10,58,18	3,05,52
TOTAL REVENUE		1,25,76,75	1,31,73,65	1,39,23,95	1,45,04,83
DEFICIT		...	...	8,42,06	13,84,55
TOTAL		1,25,76,75	1,31,73,65	1,47,66,01	1,58,89,38

charged to Revenue of the Central Government.

[In thousands of Rupees.]

	For details, *vide* Statement.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Expenditure—					
Direct Demands on the Revenue	B	3,85,56	4,07,16	3,87,65	4,35,87
Capital Outlay on Salt Works charged to Revenue	,,	—6	64	61	21
Railways: Interest and Miscellaneous Charges (as shown in Railway Budget)	,,	29,73,90	32,51,30	34,02,19	30,91,00
Irrigation	,,	9,23	10,82	9,63	9,71
Posts and Telegraphs	,,	73,58	69,29	68,36	69,70
Debt Services	,,	12,00,23	12,11,13	11,40,16	12,05,75
Civil Administration	,,	11,12,43	11,80,56	12,73,32	13,11,43
Currency and Mint	,,	39,23	61,63	1,10,23	97,31
Civil Works and Miscellaneous Public Improvements	,,	2,69,35	3,22,77	3,03,13	3,75,83
Miscellaneous	,,	3,86,21	3,66,56	3,66,63	2,82,04
Defence Services	,,	50,20,43	59,40,74	72,83,53	84,56,06
Contributions and Miscellaneous Adjustments between Central and Provincial Governments	,,	3,05,71	3,05,23	3,05,08	3,04,47
Extraordinary Items	,,	7,94,65	40,91	1,15,51	3,49,50
TOTAL EXPENDITURE CHARGED TO REVENUE		1,25,76,75	1,31,68,74	1,47,66,01	1,58,89,38
SURPLUS		...	4,91	...	..
TOTAL		1,25,76,75	1,31,73,65	1,47,66,01	1,58,89,38

II.—General Statement of the Receipts and

[In thousands of Rupees.]

	For details, *vide* Statement.	Receipts.			
		Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Surplus		.	4,91	...	...
Railway Capital Account not charged to Revenue—					
Capital contributed by Railway Companies and Indian States towards Outlay on State Railways (as shown in Railway Budget)	C	..	.	..	...
Debt, Deposits and Advances—					
Public Debt—					
Permanent Debt (net)	"	..	...	31.04,01	20,69,13
Floating Debt (net)	"	8,40,50	.	28,00,00	...
Unfunded Debt (net)	"	...	5,09,51	.	3,32,68
Deposits and Advances (net)	"	6,06,95	35,94	...	20,55,68
Railway Depreciation and Reserve Funds as shown in Railway Budget (net)	"	6,07,55	8,64,49	8,03,19	7,52,8
TOTAL DEBT, DEPOSITS AND ADVANCES.		20,55,00	14,09,94	67,06,20	52,10,33
Loans and Advances by the Central Government (net)	"	2,14,67	1,40,42	1,30,92	2,27,87
Remittances, etc. (net)	"	3,95,15	3,40	4,60	...
Transfer of Cash between England and India		...	...	2,03,33	...
TOTAL RECEIPTS		26,65,02	15,58,67	70.45,05	54,38,20
Opening Balance		13,13,74	8,58,77	16,62,05	8,56,03
TOTAL		39,78,76	24,17.44	87,07.10	62,94,23

Disbursements of the Central Government.

[In thousands of Rupees.]

	For details, *vide*	Disbursements.			
		Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Deficit		...	..	8,42,06	13,84,55
Capital Accounts not charged to Revenue—					
Railway Capital (as shown in Railway Budget)	C	4,48,10	4,25,00	2,29,00	8,75,11
Capital outlay on Posts and Telegraphs	,,	5,51	9,15	4,80,78	46,66
Capital outlay on Schemes of Agricultural Improvement and Research	,,	..	..	...	...
Capital Outlay on Vizagapatam Port	,,	46	10	10	1,50
Initial Expenditure on New Capital at Delhi	,,	17,74	15,67	14,62	9,50
Payments of Commuted Value of pensions	,,	—10,14	—13,34	—21,36	—15,57
TOTAL CAPITAL ACCOUNT DISBURSEMENTS		4,61,67	4,37,58	7,03,14	9,17,20
Debt, Deposits and Advances—					
Public Debt—					
Permanent Debt (net)	,,	13,56,32	3,33,16	...	..
Floating Debt (net)	,,	...	8,00,00	...	31,50,00
Unfunded Debt net)	,,	2,95,39	.	23,74,35	...
Deposits and Advances (net)	,,	...	...	39,31,52	...
TOTAL DEBT, DEPOSITS AND ADVANCES		16,51,71	11,33,16	63,05,87	31,50,00
Remittances, etc (net)	,,	...	..	...	7,50
Transfer of Cash between England and India.	,,	2,03,33	...	..	...
TOTAL DISBURSEMENTS		23,16,71	15,70,76	78,51,07	54,59,25
Closing Balance		16,62,05	8,46,68	8,56,03	8,34,98
TOTAL		39,78,76	2 ,17,44	87 07,10	62,94,23

A.—Statement of the Revenue of the Central Government.

[In thousands of Rupees.

HEADS OF REVENUE.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget Estimate, 1941-42.			Increase (+) Decrease () as compared with Revised, 1940-41
					India.	England.	Total.	
Principal Heads of Revenue—								
I.—Customs . . .	45,87,61	39,16,00	**37,75,00**	—1,41,00	35,11,00	...	**35,11,00**	—2,64,00
II.—Central Excise Duties	6,52,50	10,14,00	**8,50,00**	—1,64,00	12,10,00	..	**12,10,00**	+3,60,00
III.—Corporation Tax .	2,37,76	5,30,00	**4,47,00**	—83,00	12,62,00	...	**12,62,00**	+8 15,00
IV.—Taxes on Income other than Corporation Tax . .	14,19,93	14,20,00	**16,34,00**	+2,14,00	22,97,48	2,52	**23,00,00**	+6,66,00
V.—Salt . . .	10,85,88	8,20,00	**7,70,00**	—50,00	8,30,00	...	**8,30,00**	+60,00
VI —Opium	47,14	47,37	**47,17**	—20	46,52	6,33	**52,85**	+5,68
VII.—Land Revenue. .	16,11	16,44	**17,34**	+90	18,83	..	**18,83**	+1,49
VIII —Provincial Excise .	25,66	24,97	**26,03**	+1,06	26,08	..	**26,08**	+5
IX.—Stamps . . .	36,07	37,37	**39,57**	+3,20	37,22	...	**37,22**	—2,35
X.—Forest . . .	16,49	17,81	**22,02**	+4,21	22,47	.	**22,47**	+45
XI.—Registration . .	91	86	**91**	+5	96	...	**96**	+5
XII.—Receipts under Motor Vehicles Acts . .	3,66	3,12	**3,83**	+71	3,81	.	**3,81**	—2
XIII.—Other Taxes and Duties	58	70	**1,60**	+90	1,60	.	**1,60**	..
TOTAL .	81,30,30	78,48,04	**76,34,47**	—2,14,17	92,67,97	8,85	**93,76,82**	+16,42,35
Irrigation—								
XVII.—Works for which Capital Accounts are kept—Gross Receipts	4,35	4,14	**3,80**	—34	4,03	.	**4,03**	+23
Deduct—Working Expenses	*3,62*	*3,48*	*3,64*	—16	*3,29*	...	*3,29*	+35
Net Receipts .	73	66	**16**	—50	74	...	**74**	+58
XVIII —Works for which no Capital Accounts are kept . . .	10	8	**10**	+2	10	..	**10**	...
TOTAL .	83	74	**26**	—48	84	..	**84**	+58
Posts and Telegraphs—								
XIX.—Posts and Telegraphs—Gross Receipts .	12,48,52	12,35,51	**12,90,00**	+54,49	13,49,40	...	**13,49,40**	+59,40
Deduct—Working Expenses	*10,85,26*	*11,28,79*	*11,18,69*	+10,10	*11,26,74*	*13,13*	*11,39,87*	—21,18
Net Receipts .	1,63,26	1,06,72	**1 71,31**	+64,59	2,22,66	—13,13	**2,09,53**	+38,22
Carried over .	82,94,39	79,56,10	**78,06,04**	—1,50,06	94,91,47	—4,28	**94,87,19**	+16,81,15

A.—Statement of the Revenue of the Central Government—*concld.*

[In thousands of Rupees.]

HEADS OF REVENUE.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Increase (+) Decrease (−) as compared with Budget, 1940-41.	Budget Estimate, 1941-42.			Increase (+) Decrease (−) as compared with Revised, 1940-41.
					India.	England.	Total.	
Brought forward	82,94,39	79,56,10	78,06,04	−1,50,06	94,91,47	−4,28	94,87,19	+16,81,15
Debt Services—								
XX.—Interest	76,05	61,38	62,38	+1,00	41,23	20,06	61,29	−1,09
Civil Administration—								
XXI.—Administration of Justice	1,39	1,69	1,38	−31	1,67	...	1,67	+29
XXII.—Jails and Convict Settlements	7,24	7,17	7,69	+52	8,19		8,19	+50
XXIII.—Police	1,17	48	69	+21	50		50	−19
XXIV.—Ports and Pilotage	22,05	21,64	20,54	−1,10	20,31	...	20,31	−23
XXV.—Lighthouses and Lightships	9,37	8,39	8,18	−21	8,24	..	8,24	+6
XXVI.—Education	2,24	2,15	2,16	+1	2,35	..	2,35	+19
XXVII.—Medical	2,32	2,16	2,18	+2	2,22	..	2,22	+4
XXVIII.—Public Health	2,99	3,62	4,13	+51	3,63	..	3,63	−50
XXIX.—Agriculture	2,82	3,55	5,00	+1,45	4,15	..	4,15	−85
XXX.—Veterinary	4,92	5,47	4 86	−61	4,84	.	4,84	−2
XXXI.—Co-operation	..	 26	. 30	... +4	... 1,22		. 1,22	.. +92
XXXII.—Industries	25 1,64	1,53	1,31	−22	1,30	1	1,31	...
XXXIII.—Aviation	10,47	10,50	13,01	+2,51	14,00	..	14,00	+99
XXXIV.—Broadcasting								
XXXV.—Indian Stores Department	19,15	0,18	20,18	...	18,28	...	18,28	−1,90
XXXVI.—Miscellaneous Departments	18,70	16,60	22,03	+5,43	21,65	15	21,80	−23
TOTAL	1,06,72	1,05,39	1,13,64	+8,25	1,12,55	16	1,12,71	−93
Currency and Mint—								
XXXVII.—Currency	24,63	51,06	45,79	−5,27	1,71,37	...	1,71,37	+1,25,58
XXXVIII.—Mint	1,0 ,03	73,33	1.71.07	+97,74	50.07	...	50,07	−1,21,00
TOTAL	1,27,66	1,24,39	2,16,86	+92,47	2,21,44	..	2,21,44	+4,58
Civil Works, etc.—								
XXXIX.—Civil Works	29,05	32,81	30,91	−1,90	28,45	...	28,45	−2,46
Miscellaneous—								
XLII.—Receipts from Indian States	60,97	61,79	63,04	+1,25	62,58	...	62,58	−46
XLIV.—Receipts in aid of Superannuation	8,26	8,05	20,36	+12,31	7,95	38	8,33	−12,03
XLV.—Stationery and Printing	30,57	19,5	24,47	+4,94	29,72	16	29,88	+5,41
XLVI.—Miscellaneous	50,80	30,69	48, 4	+17,65	30,49	3,39	33.88	−14,46
TOTAL	1,46,60	1,20,06	1,56,21	+36,15	1,30,74	3,93	1,34,67	−21,54
Defence Services—								
XLVII.—Defence Receipts—Effective.	9,29	5,43,79	36,97	−5,06,82	...	...	..	−36,97
XLVIII.—Defence Receipts—Non-effective	63,23	44,77	44,96	+19	8,50	35,64	44,14	−82
TOTAL	72,52	5,88,56	81,93	−5,06,63	8,50	35,64	44,14	−37,79
Contributions and Miscellaneous Adjustments between Central and Provincial Governments								
L—Miscellaneous adjustments between Central and Provincial Governments	...	.	...			...		..
Extraordinary items—								
LI.—Extraordinary Receipts	3,01,91	2,91,59	2,24,59	−67,00	2,24,56	...	2,24,56	−3
LII—Receipts connected with the War, 1939.	13,86	20,00	56,43	+36,43	80,96	...	80,96	+24,53
LIIA.—Transfers from Revenue Reserve Fund		91,30	7,77,16	+6,85,86	.	...	.	−7,77,16
TOTAL	3,15,77	4,02,89	10,58,18	+6,55,29	3,05,52	..	3,05,52	−7,52,66
Railway Revenues as per Railway Budget	34,07 09	37,82,07	43,97,80	+6,15,73	41,21,39	−11.97	41,09,42	−2,88,38
TOTAL REVENUE	1,25,76,75	1,31,73,65	1,39,23,95	+7,50,30	1,44,61,39	43,5 4	1,45,04,83	+5,80,88

B.—Statement of the Expenditure charged to Revenue of the Central Government

[In thousands of Rupees.

HEADS OF EXPENDITURE.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41	Increase (+) Decrease (−) as compared with Budget, 1940-41.	Budget Estimate, 1940-41.			Increased (+) Decrease (−) as compared with Revised, 1940-41.
					India.	England.	Total.	
Direct Demands on the Revenue—								
1.—Customs	82,82	82,89	83,18	+29	89,47	41	89,88	+6,70
2.—Central Excise Duties	43,76	55,80	30,49	−25,31	68,08	...	68,08	+37,59
3.—Corporation Tax	9,44	9,47	14,67	+5,20	26,95	...	26,95	+12,28
4.—Taxes on Income other than Corporation Tax	67,41	70,58	65,22	−5,36	56,65	41	57,06	−8,16
5.—Salt	1,02,49	99,41	1,01,48	+2,07	94,70	40	95,10	−6,38
6.—Opium	23,93	25,07	23,37	−1,70	25,96	1,04	27,00	+3,63
7.—Land Revenue	5,19	5,94	5 96	+2	7,69	5	7,74	+1,78
8.—Provincial Excise	6,54	6,28	6,12	−16	6,11	...	6,11	−1
9.—Stamps	20,57	24,78	29,93	+5,15	26,62	90	27,52	−2,41
10.—Forest	22,09	24,36	24,36	...	26,92	61	27,53	+3,17
11.—Registration	9	10	10	...	10	..	10	...
13.—Charges on account of Motor Vehicles Acts	2,47	2,46	2,71	+25	2,74	..	2,74	+3
18.—Other Taxes and Duties	6	2	6	+4	6	..	6	...
TOTAL	3,85,86	4,07,16	3,87,65	−19,51	4,32,05	3,82	4,35,87	+45,22
Capital Outlay on Salt Works charged to Revenue—								
5A.—Capital Outlay on Salt Works	−6	64	61	−3	1	20	21	−40
Revenue Account of Irrigation Works—								
17.—Interest on Works for which Capital Accounts are kept	7,27	7,13	7,10	−3	6,98	..	6,98	−12
18.—Other Revenue Expenditure	1,87	3,32	2,14	−1,18	2,30	10	2,40	+26
TOTAL	9,14	10,45	9,24	−1,21	9,28	10	9,38	+14
Capital Account of Irrigation, etc., Works charged to Revenue—								
19.—Construction of Irrigation Works financed from Ordinary Revenues	9	37	39	+2	33	..	33	−6
Posts and Telegraphs Revenue Account—								
20. Posts and Telegraphs—Interest on Debt	73,67	69,63	69,49	−14	69,58	..	69,58	+9
Posts and Telegraphs Capital Account charged to Revenue—								
21.—Capital Outlay on Posts and Telegraphs	−9	−34	−1,13	−79	12	..	12	+1,25
Carried over	4,68,61	4,87,91	4,66,25	−21,66	5,11,37	4,12	5,15,49	+49,24

B.—Statement of the Expenditure charged to Revenue of the Central Government—*contd.*

[In thousands of Rupees.]

HEADS OF EXPENDITURE.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget Estimate, 1941-42. India.	England.	Total	Increase (+) Decrease(—) as compared with Revised, 1940-41.
Brought forward	4,68,61	4,87,91	4,66,25	—21,66	5,11,37	4,12	5,15,49	+49,24
Debt Services—								
22.—Interest on Debt and other Obligations	43,54,80	43,26,24	42,56,34	—69,90	32,19,62	10,90,76	43,10,38	+54,24
Deduct—Interest transferred to—Railways	*28,13,15*	*27,84,53*	*27,75,83*	+8,70	*19,64,24*	*7,98,69*	*27,62,93*	+13,00
Irrigation	*7,27*	*7,13*	*7,10*	+3	*6,98*	...	*6,98*	+12
Posts and Telegraphs	*73,69*	*69,65*	*80,03*	—10,38	*90,06*	.	*90,06*	—10,03
Other Commercial Departments	*6,50*	*6,68*	*6,76*	—8	*7,17*	.	*7,17*	—41
Provincial Governments	*5,30,26*	*5,24,21*	*5,23,63*	+58	*5,16,32*	...	*5,16,32*	+7,31
Commuted Value of Pensions	*23,70*	*22,91*	*22,83*	+8	*21,37*	..	*21,37*	+1,46
Total transfers	*34,54,57*	*34,15,11*	*34,16,18*	—1,07	*26,06,14*	*7,98,69*	*34,04 83*	+11,35
Net	9,00,23	9,11,13	8,40,16	—70,97	6,13,68	2,92,07	9,05,75	+65,59
23.—Appropriation for Reduction or Avoidance of Debt	3,00,00	3,00,00	3,00,00	...	3,00,00	..	3,00,00	...
TOTAL	12,00,23	12,11,13	11,40,16	—70,97	9,13,68	2,92,07	12,05,75	+65,59
Civil Administration—								
25.—General Administration	1,94,05	1,93,73	2,00,03	+6,30	1,61,58	46,62	2,08,20	+8,17
26.—Audit	97,05	1,02,17	1,00,15	—2,02	96,04	1,93	97.97	—2,18
27.—Administration of Justice	9.72	9,03	9.75	+12	9,16	30	9,46	—29
28.—Jails & Convict Settlements	29,40	29,44	31.55	+2.11	32,40	19	32.59	+1,04
29.—Police	35,67	34,63	50,72	+16 09	66,44	34	66,78	+16,06
30.—Ports and Pilotage	23,16	23,82	23.55	—27	21.79	1,47	23,26	—29
31.—Lighthouses & Lightships	9,42	8.39	8.18	—21	8,24	..	8,24	+6
32.—Ecclesiastical	30,22	31,17	29,60	—1,57	1,70	4,97	6,67	—22,93
33.—Payments to Crown Representative	1,41,05	1,39,14	1,39,75	+61	1,29,63	7,46	1,37 09	—2,66
34.—Tribal Areas	1,38,59	2,01,80	2,18,09	+16,29	2,35,87	1,19	2,36,46	+18,37
35.—External Affairs	69,56	67,38	68,89	+1 51	57,58	9,06	66,64	—2,25
36.—Scientific Departments	64.57	70,91	73,37	+2,46	63,97	5,37	69,34	—4,03
37.—Education	24 49	26,65	26.60	—5	27,60	16	27.96	+1,36
38.—Medical	22,23	23,26	22,62	—64	23,43	57	24,00	+1,38
39.—Public Health	13,41	15,81	31.32	+16,01	16,84	61	17,45	—14,37
40.—Agriculture	42,69	41.92	43,84	+1,92	53,24	80	54,04	+10 20
41.—Veterinary	8,28	9,52	9,17	—35	9,48	42	9,90	+73
42.—Co-operation	61	65	65	..	67	...	67	+2
43.—Industries	8,69	8,58	12.11	+3,53	15.65	15	18,80	+6,69
44.—Aviation	35,34	59,03	85,34	+26,76	1,00,20	2,42	1,02 62	+17,28
45.—Broadcasting	25,47	28,91	29.77	+86	49,85	19	50,04	+20,27
46.—Indian Stores Department	21,67	22,21	20.28	—1 93	16,67	1 23	16,89	—3,39
47.—Miscellaneous Departments	19,09	31,76	37,49	+5,73	25,23	1,13	26,36	—11,13
TOTAL	11,12,43	11,80,56	12,73,32	+92,76	12,25,96	85,47	13.11,43	+38,11
Civil Administration—Capital Account—								
44A.—Capital outlay on Civil Aviation	...	.	...	.	—13	13	...	...
45A.—Capital outlay on Broadcasting	...	...	.	.	—5,10	5,10	...	...
TOTAL	...	..	.	...	—5,23	5,23		..
Carried over	27,81.27	28,79,60	28,79,73	+13	26,45,78	3,86,59	30.32,67	+1,52,94

B.—Statement of the Expenditure charged to Revenue of the Central Government—*concld.*

[In thousands of Rupees.]

HEADS OF EXPENDITURE.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Increase (+) Decrease (—) as compared with Budget, 1940-41.	Budget Estimate, 1941-42.			Increase (+) Decrease (—) as compared with Revised, 1940-41.
					India	England.	Total.	
Brought forward .	27,81,27	28,79,60	**28,79,73**	+13	26,45,78	3,86,89	**30,32,67**	+1,52,94
Currency and Mint—								
48.—Currency	13,91	26,08	**54,66**	+27,68	18,42	7,81	**26,23**	—28,43
49.—Mint	25,32	34,05	**55,56**	+20,91	63,47	7,51	**70,98**	+15,42
TOTAL .	39,23	61,63	**1,10,22**	+48,59	81,89	15,32	**97,21**	—13,01
Civil Works, etc —								
50.—Civil Works . . .	2,69,35	3,23,77	**3,03,12**	—19,65	3,75,02	81	**3,75,83**	+72,71
Miscellaneous—								
54.—Famine	33,80	15,67	**37,81**	+23,14	..		...	—37,81
55.—Superannuation Allowances and Pensions . .	2,79,98	2,80,26	**2,07,93**	—72,33	65,94	1,42,90	**2,08,82**	+89
56.—Stationery and Printing .	53,86	37,99	**45,87**	+7,88	26,35	8,67	**34,02**	—11,85
57.—Miscellaneous . . .	19,69	32,36	**65,17**	+32,81	36,50	1,93	**37,42**	—27,75
TOTAL .	3,87,33	3,66,28	**3,56,78**	—9,50	1,26,77	1,53,49	**2,80,25**	—76,52
Miscellaneous Capital Outlay charged to Revenue—								
55-A.—Commutation of Pensions financed from Ordinary Revenues	—1,13	28	**9,35**	+9,57	1,78	...	**1,78**	—8,07
Defence Services—								
58.—Defence Services—Effective	41,56,44	50,79,60	**63,97,20**	+13,17,60	75,10,58	60,57	**75,71,15**	+11,73,95
59.—Defence Services—Non-effective	8,69,99	8,61,14	**8,86,33**	+25,19	3,84,90	5,00,61	**8,85,51**	—82
60.—Transfers to Defence Reserve Fund. . .	..	...	.	...	...	..	..	
TOTAL .	50,26,43	59,40,74	**72,83,53**	+13,42,79	78,95,48	5,61,18	**84,56,66**	+11,73,13
Contributions and Miscellaneous Adjustments between Central and Provincial Governments—								
61.—Grants-in-aid to Provincial Governments	3,04,16	3,03,61	**3,03,61**	...	3,03,00	.	**3,03,00**	—61
63.—Miscellaneous Adjustments between the Central and Provincial Governments	1,55	1,62	**1,47**	—15	1,47	..	**1,47**	...
TOTAL .	3,05,71	3,05,23	**3,05,08**	—15	3,04,47	..	**3,04,47**	—61
Extraordinary Items—								
63.—Extraordinary charges .	2,08	3,90	**4,51**	+61	3,20	.	**3,20**	—1,31
64.—Expenditure connected with the War, 1939 . .	14,81	37,01	**1,11,00**	+73,99	2,39,88	6,42	**2,46,30**	+1,35,30
64-A.—Transfers to Revenue Reserve Fund . . .	7,77,16	...	...	..	...		.	...
TOTAL .	7,94,05	40,91	**1,15,51**	+74,60	2,43,08	6,43	**2,49,50**	+1,33,99
Railway Expenditure as per Railway Budget .	29,78,90	32,51,30	**34,02,19**	+1,50,89	21,85,18	9,05,82	**30,91,00**	—3,11,19
TOTAL EXPENDITURE CHARGED TO REVENUE . . .	1,25,76,75	1,31,68,74	**1,47,66,01**	+15,97,27	1,38,59,45	20,29,93	**1,58,89,38**	+11,23,37

C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Revenue (from Statement A) .	1,25,76,75	1,31,73,65	1,39,23,95	1,45,04,83
Railway Capital not charged to Revenue.		..		...
Public Debt—				
A.—Debt raised in India—				
I. Permanent Debt—				
5 per cent. Loan, 1942-47 .	4,31,00	..		
4½ per cent. Loan, 1950-55 .	2,86,00	...		
4½ per cent. Loan, 1958-68 .	1,39,00	...		
4 per cent. Loan, 1948-53 .	1,0[illegible],00	...		
3½ per cent. Loan, 1942-43 .	7,50,00	2,00,00	1,60,13,33	42,50,00
3½ per cent. Loan, 1960-01 .	1,71,00			
3½ per cent. Loan, 1954-59	20,00	...		
3 per cent. Loan, 1963-65 .	15,72,08	...		
3 per cent. Loan, 1949-52 .	55,00	...		
3 per cent. Loan, 1896-97 .	2 95,50	1,60,00		
3 per cent. Defence Bonds, 1946	...	...		
TOTAL .	38,22,58	3,60,00	1,60,13,33	42,50,00
II.—Floating Debt—				
Treasury Bills . . .	2,25,38,00	2,16,20,00	2,35,88,00	2,00,04,00
Other Floating Loans . .	32,50,00	35,00,00	56,00,00	30,00,00
TOTAL .	2,57,88,00	2,51,20,00	2,91,88,00	2,30,04,00
Carried over .	4,21,87,33	3,86,53,65	5,91,25,28	4,17,58,83

C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1939 40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Expenditure from Statement (B) . . .	1,25,76,75	1,31,68,74	1,47,66,01	1,58,89,38
Capital Accounts not charged to Revenue—				
POSTS AND TELEGRAPHS	5,51	9,15	4,80,78	46,66
SCHEMES OF AGRICULTURAL IMPROVEMENT AND RESEARCH	...	...	..	...
VIZAGAPATAM PORT	46	10	10	1,50
INITIAL EXPENDITURE ON NEW CAPITAL AT DELHI	17,74	15,67	14,62	9,50
PAYMENTS OF COMMUTED VALUE OF PENSIONS	—10,14	—12,34	—21,36	—15,57
TOTAL .	13,57	12,58	4,74,14	42,09
RAILWAY CAPITAL NOT CHARGED TO REVENUE (AS SHOWN IN RAILWAY BUDGET)	4,48,10	4,25,00	2,29,00	8,75,11
Public Debt—				
A.—Debt raised in India—				
I.—Permanent Debt—				
5½ per cent. Loan, 1938-40 . .	21,75	5,00		
5 per cent. Loan, 1939-44 . .	19,89,60	10,00		
5 „ „ „ 1940-43 . .	5,78,65	...		
6½ per cent. Treasury Bonds, 1935 .	1,09	1,00		
6 per cent. Bonds . . .	60	51		
5½ per cent. War Bonds . . .	16	2,56		
5 per cent. Loan, 1929-47 . .	19	14	19,22,00	10,57,00
5 per cent. Bonds, 1935 . . .	1,19	8		
5 per cent. „ 1933 . .	34	5		
4½ per cent. Bonds, 1934 . . .	12	9		
4 per cent. Loans	22	6		
3½ per cent. Loans	8	1		
3 per cent. Loans	49	...		
TOTAL .	25,94,48	19,50	19,22,00	10,57,00
II.—Floating Debt—				
Treasury Bills	2,16,97,50	2,24,20,00	2,27,88,00	2,11,54,00
Other Floating Loans . . .	32,50,00	35,00,00	36,00,00	50,00,00
TOTAL .	2,49,47,50	2,59,20,00	2,63,88,00	2,61,54,00
Carried over .	4,05,80,40	3,95,45,82	4,37,79,15	4,40,17,58

C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward .	4,21,87,33	3,86,53,65	5,91,25,28	4,17,58,83
B.—Debt raised in England—				
Permanent Debt . . .	...	...	...	...
TOTAL .	...	...	.	...
Unfunded Debt—				
Deposits of Service Funds . . .	27,16	25,27	25,34	24,81
Post Office Savings Bank Deposits . .	41,66,07	44,80,09	25,60,50	24,89,50
Post Office Cash Certificates . .	10,25,72	12,00,00	5,00,00	4,00,00
Defence Savings Certificates . . .	.	...	2,15,00	3,74,00
State Provident Funds	8,86,67	8,63,43	9,52,85	10,10,59
Other Accounts	1,27,19	1,31,96	1,32,14	1,34,30
TOTAL .	62,32,81	67,00,75	44,15,83	44,33,20
Deposits and Advances—				
Deposits bearing interest.				
Renewals Reserve Fund—Posts and Telegraphs	23,05	23,05	23,05	25,00
Other Reserve Funds . . .	5,03	4,02	4,03	4,03
Deposits not bearing interest.				
Appropriation for Reduction or Avoidance of Debt—				
Sinking Funds	1,25,15	95,04	95,04	95,04
Other Appropriations . . .	1,74,85	2,04,96	2,04,96	2,04,96
Deposits and Advances—Carried over .	3,28,08	3,27,07	3,27,08	3,29,03
Carried over .	4,84,20,14	4,53,54,40	6,35,41,11	4,61,92,03

C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward	4,05,80,40	3,95,45,82	4,37,79,15	4,40,17,58
B.—Debt raised in England—				
Permanent Debt—				
India 6 per cent. Bonds, 1935	1			
India 5½ per cent. Stock, 1936	1			
India 5 per cent. Loan, 1942-47	4,31,00			
India 4½ do. 1950-55	3,11,15			
India 4½ do. 1958-68	1,39,00	3,60,00	1,06,73,64	8,00,00
India 4 do. 1948-53	1,03,00			
India 3½ do. 1954-59	20,00			
India 3½ do. 1931	7,50 00			
India 3 do 1949-52	55,00			
India 3 do. 1948	4,95,00			
State Railway Annuities	2,80,25	2,90,08	2,90,08	3,00,27
Do. Sinking Funds	...	23,60	23,60	23,60
TOTAL	25,84,42	6,78,68	1,09,87,32	11,23,87
Unfunded Debt—				
Special Loans	4	20	5	5
Deposits of Service Funds	39,41	37,69	37,31	36,96
Post Office Savings Bank Deposits	45,21,74	41,63,00	44,60,50	22,89,50
Post Office Cash Certificates	12,80,00	13,50,00	15,00,00	10,00,00
Defence Savings Certificates	...	...	10,70	24,00
State Provident Funds	6,05,04	5,66,25	6,94,49	6,62,61
Other Accounts	81,97	74,10	87,13	87,40
TOTAL	65,28,20	61,91,24	67,90,18	41,00,52
Deposits and Advances—				
Deposits bearing interest.				
Renewals Reserve Fund—Posts and Telegraphs	20,90	22,69	27,01	26,52
Other Reserve Funds	1,70	64	1,58	79
Deposits not bearing interest.				
Appropriation for Reduction or Avoidance of Debt—				
Sinking Funds	2,80,13	...	...	...
Other Appropriations	..	...	..	...
Deposits and Advances—Carried over	3,02,73	23,33	28,59	27,31
Carried over	4,96,93,02	4,64,10,74	6,15,56,65	4,92,41,97

C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward	4,84,20,14	4,53,54,10	6,35,41,11	4,61,92,03
Deposits and Advances—Brought forward.	3,28,08	3,27,07	3,27,18	3,29,03
Deposits and Advances—*concld.*				
Silver Redemption Reserve	50,98	20,00	20,00	20,00
Silver Redemption Reserve Investment Account	..	...		..
Revenue Reserve Fund	7,77,16	...	...	...
Defence Reserve Fund	..		...	...
Defence Services Equalisation Funds	..	...	...	...
Defence Modernisation Fund	...	13,00,00	...	
Post Office Cash Certificates Bonus Fund	...			...
Civil Aviation Fund	4,06	3,03	3,62	2,15
Central Road Fund	1,61,00	1,73,00	1,64,00	2,07,00
Fund for Economic Development and Improvement of Rural Areas	...	...	...	..
Fund for Development of Civil Aviation	..	25,00	25,00	35,00
Fund for Special Frontier Expenditure including Development	6,00	14,99	14,99	29,99
Fund for Development of Broadcasting		...	...	17,00
Sugar Excise Fund	98	11,15	9,94	11,05
Telephone Development Fund	...	...	4,75,00	...
Depreciation and Renewals Reserve Funds—				
Defence Department	..	25,65	...	..
Other Depreciation Reserve Funds	87	1,27	1,28	1,26
General Police Fund	—37	—2	13	13
Deposits of Local Funds—				
District Funds	5,96	6,53	6,60	6,60
Municipal, Cantonment and other Funds	1,79,89	1,63,10	1,79,02	1,60,98
Deposits of Branch Line Companies	2,71	1,35	2,00	1,55
Civil Deposits	38,66,08	36,01,86	67,95,78	40,95,70
Other Deposits	20,24,46	18,99,82	31,37,58	31,92,46
Other Accounts	17,55	27,57	35,86	33,36
Advances not bearing interest.				
Other Advances	7,56,04	7,10,76	10,03,87	10,16,54
Accounts with the Government of Burma		1,55,40	3,06,50	2,92,44
Accounts with the Reserve Bank		30,02	52,28	49,99
Suspense.				
Suspense Accounts	4,00,32*	1,85,72,89	2,47,40	8,97,21
Purchases and Sales of Silver	11,80,91	2,82,77	5,87,69	9,95,79
Value of notes issued	...	...	10,00,00	...
Cheques and Bills	...	2,59	10	53
Departmental and Similar Accounts	..	19,50	7,02	60
War Risks (Goods) Insurance Fund	...	...	25,00	63,00
Miscellaneous.				
Miscellaneous	4,64,58	1,91,47	2,39,29	2,06,40
TOTAL	1,03,17,26	2,75,67,37	1,46,67,03	1,16,65,76
Railway Depreciation and Reserve Funds as per Railway Budget	12,58,54	15,64,49	17,26,93	14,32,84
Carried over	5,99,95,94	7,44,86,26	7,99,35,07	5,92,90,63

*Includes figures under 'Cheques and Bills' and 'Departmental and Similar Accounts'.

C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward .	4,26,93,02	4,64,10,74	6,15,56,65	4,92,41,97
Deposits and Advances—Brought forward .	3,02,73	28,33	28,59	27,31
Deposits and Advances—*concld.*				
Silver Redemption Reserve . .	50,99	20,00	20,00	20,00
Silver Redemption Reserve Investment Account	...	...	...	...
Revenue Reserve Fund . . .	...	91,30	7,77,16	...
Defence Reserve Fund . .	...	...	.	
Defence Services Equalisation Funds .	...	..	...	...
Defence Modernisation Fund . . .	..	13,00,00	...	...
Post Office Cash Certificates Bonus Fund .	95	.	...	...
Civil Aviation Fund	89	3,00	5,98	2,00
Central Road Fund	1,33,50	2,00,00	2,19,00	2,34,00
Fund for Economic Development and Improvement of Rural Areas . . .	22,24	31,00	21,00	21,00
Fund for Development of Civil Aviation .	10,95	22,53	19,81	29,76
Fund for Special Frontier Expenditure including Development . . .	6,12	3,23	2,69	2,32
Fund for Development of Broadcasting .	7,15	4,83	3,57	22,06
Sugar Excise Fund	11,10	14,00	12,13	11,10
Telephone Development Fund .	21,15	13,79	5,11,01	19,82
Depreciation and Renewals Reserve Funds—				
Defence Department . . .	...	36,05	...	...
Other Depreciation Reserve Funds .	35	53	42	2,11
General Police Fund	23	10	10	10
Deposits of Local Funds—				
District Funds.	6,08	6,53	6,50	6,60
Municipal, Cantonment and other Funds . .	1,79,74	1,64,70	1,78,25	1,60,02
I. C. R. A. Employee's Provident Fund Investment . .	...	50	80	...
Deposits of Branch Line Companies .	2,69	1,45	2,65	1,65
Civil Deposits	37,55,48	35,95,48	67,85,70	40,84,43
Other Deposits	21,25,57	19,14,93	31,07,05	31,53,36
Other Accounts	14,81	24,60	33,17	32,06
Advances not bearing interest.				
Other Advances . . .	7,75,67	7,44,55	11,12,33	10,25,98
Accounts with the Government of Burma .		1,55,40	2,16,50	3,16,50
Accounts with the Reserve Bank . .		29,92	48,76	49,49
Suspense.				
Suspense Accounts	14,38,26*	1,84,35,01	50,75,36	1,19,11
Purchases and Sales of Silver . . .	6,57,54	5,02,00	48,73	59,17
Value of notes issued	...	...	59,34	...
Cheques and Bills	..	...	60,60	...
Departmental and Similar Accounts .	...	1,03	4,66	2,63
War Risks (Goods) Insurance Fund . .	...	...	...	1,53
Miscellaneous.				
Miscellaneous	1,86,12	1,91,64	2,36,39	2,05,97
TOTAL .	97,10,31	2,75,31,43	1,85,98,55	96,10,08
Railway Depreciation and Reserve Funds as per Railway Budget	6,50,99	7,00,00	9,24,74	6,80,00
Carried over .	6,00,54,32	7,46,42,17	8,10,79,94	5,95,32,05

* Includes figures under 'Cheques and Bills' and 'Departmental and Similar Accounts'.

C.—Statement of Receipts of the Central Government.

[In thousands of Rupees.]

RECEIPTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward	5,99,95,94	7,44,86,26	7,99,35,07	5,92,90,63
Loans and Advances by the Central Government—				
Advances to Provincial Governments	1,47,68	1,27,17	1,93,31	2,14,04
Advances to His Majesty's Representative for loans to Indian States and Notabilities	15	93	2,25	5,70
Loans to Indian States	73,94	45,34	64,79	58,06
Loans to Local Funds, etc.	44,98	30,26	31,63	52,72
Loans to Government Servants	12,92	7,60	5,64	2,30
TOTAL	2,79,67	2,11,30	2,97,62	3,32,82
Remittances—				
I.—Remittances within India—				
Inland Money Orders	83,27,89	81,25,00	87,61,75	88,80,50
Other Remittances	1,15,35	2,07,00	2,21,57	2,11,70
Accounts between Civil and other Departments—				
Exchange Accounts between Civil and Posts and Telegraphs.	11,18,89	3,31,83	36,25,06	4,76,97
Exchange Accounts between Civil and Defence Services.	42,84,90	56,78,55	1,05,09,21	1,47,22,64
II.—Remittances between England and India—				
Remittance Account between England and India—				
Purchases and Sales of Silver	..	2,68,67	3,04,10	1,44,00
Other transactions	1,20,73,88	22,18,30	59,45,53	82,34,44
TOTAL	2,59,20,91	1,68,29,35	2,93,67,22	3,26,70,25
Transfer of Cash between England and India—				
Remittances through the Reserve Bank	31,89,76	15,09,58	1,01,41,20	34,34,49
Reserve Bank Deposits : Railways	...	25,54,10	29,71,59	27,46,94
TOTAL RECEIPTS	8,93,86,28	9,55,90,59	12,27,12,70	9,84,75,13
Opening Balance	13,13,74	8,58,77	16,62,05	8,56,03
GRAND TOTAL	9,07,00,02	9,64,49,36	12,43,74,75	9,93,31,16

C.—Statement of Disbursements of the Central Government.

[In thousands of Rupees.]

DISBURSEMENTS.	Accounts, 1939-40.	Budget Estimate, 1940-41.	Revised Estimate, 1940-41.	Budget Estimate, 1941-42.
Brought forward .	6,00,54,32	7,46,42,17	8,10,79,94	5,95,32,05
Loans and Advances by the Central Government—				
Advances to Provincial Governments .	..	...	1,12,45	42,35
Advances to His Majesty's Representative for loans to Indian States and Notabilities	6,68	16,75	17,02	11,92
Loans to Indian States . . .	9,70	17	17	...
Loans to Local Funds, etc. . .	48,00	53,48	36,64	50,31
Loans to Government Servants . .	42	48	42	37
TOTAL .	64,80	70,88	1,66,70	1,04,95
Remittances—				
I.—Remittances within India—				
Inland Money Orders	83,18,88	81,21,50	87,56,75	88,87,50
Other Remittances	...	2,07,10	2,21,97	2,12,20
Accounts between Civil and other Departments—				
Exchange Accounts between Civil and Posts and Telegraphs .	11,17,75	3,31,83	36,25,06	4,76,97
Exchange Accounts between Civil and Railways . . .	..	...	...	...
Exchange Accounts between Civil and Defence Services . .	42,63,98	56,78,55	1,05,09,21	1,47,22,64
II.—Remittances between England and India—				
Remittance Account between England and India—				
Purchases and Sales of Silver . .	...	2,68,67	3,01,10	1,44,00
Other transactions	1,18,25,15	22,18,30	59,15,53	82,34,44
TOTAL .	2,55,25,76	1,68,25,95	2,93,62,62	3,26,77,75
Transfer of Cash between England and India—				
Remittances through the Reserve Bank .	33,93,09	15,09,58	99,37,87	34,34,49
Reserve Bank Deposits: Railways . .	..	25,54,10	29,71,59	27,46,94
TOTAL DISBURSEMENTS .	8,90,37,97	9,56,02,68	12,35,18,72	9,84,96,18
Closing Balance .	16,62,05	8,46,68	8,56,03	8,34,98
GRAND TOTAL	9,07,00,02	9,64,49,36	12,43,74,75	9,93,31,16

A Bill to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on matches leviable under the Matches (Excise Duty) Act, 1934, to vary the rate of the excise duty on mechanical lighters leviable under the Mechanical Lighters (Excise Duty) Act, 1934, to vary the rate of the duty on artificial silk yarn and thread leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on matches leviable under the Matches (Excise Duty) Act, 1934, to vary the rate of the excise duty on mechanical lighters leviable under the Mechanical Lighters (Excise Duty) Act, 1934, to vary the rate of the duty on artificial silk yarn and thread leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged;

XVI of 1934.

XXIII of 1934.

XXXII of 1934.

VI of 1898.

It is hereby enacted as follows:—

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1941.

(*2*) It extends to the whole of British India.

Fixation of Salt Duty.

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1941, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pound avoirdupois of salt manufactured in, or imported by land into, any such part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

XII of 1882.

Excise Duty on Matches.

3 For section 4 of the Matches (Excise Duty) Act, 1934, the following section shall be substituted, namely:—

XVI of 1934.

"4. The duty payable under section 3 shall be levied at the following rates, namely:—

(*a*) On matches in boxes, or booklets containing on an average not more than eighty—

(*i*) if the average number is forty or less, at the rate of two rupees per gross of boxes or booklets,

(*ii*) if the average number is more than forty, but not more than sixty, at the rate of three rupees per gross of boxes or booklets, and

(*iii*) if the average number is more than sixty, at the rate of four rupees per gross of boxes or booklets;

(*b*) On all other matches at such rate as the Central Government may prescribe."

Excise Duty on Mechanical Lighters.

4. In section 3 of the Mechanical Lighters (Excise Duty) Act, 1934, for the words "one rupee and eight annas" the words "three rupees" shall be substituted. XXIII of 1934.

Import Duty on Artificial Silk Yarn and Thread.

5. In the First Schedule to the Indian Tariff Act, 1934, in Item No. 47 (2) for the entry "25 per cent *ad valorem* or three annas per pound whichever is higher" in the fourth column, the following entry shall be substituted, namely:— XXXII of 1934.

"25 per cent. *ad valorem* or five annas per pound whichever is higher".

Inland Postage rates.

6. For the year beginning on the 1st day of April, 1941, the Schedule contained in the Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Income-tax And Super-tax.

7. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*)—

(*a*) income-tax for the year beginning on the 1st day of April, 1941, shall be charged at the rates specified in Part I of Schedule II to the Indian Finance Act, 1939, increased in each case by a surcharge for the purposes of the Central Government amounting to one-third of each such rate;

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1941, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates specified in Part II of Schedule II to the Indian Finance Act, 1939, increased— XI of 1922.

(*i*) in the case of the rate applicable to a company by a surcharge amounting to one-third of that rate, and

(*ii*) in the case of every other rate by a surcharge for the purposes of the Central Government amounting to one-third of each such rate:

Provided that in the case of an association of persons being a co-operative society, other than the Sanikatta Saltowner's Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies, the rates of super-tax for the year II of 1912.

beginning on the 1st day of April, 1941, shall be the rates of super-tax specified in the proviso to clause (*b*) of sub-section (*1*) of section 7 of the Indian Finance Act, 1940, increased in each case by a surcharge for the purposes of the Central Government amounting to one-third of each such rate.

XVI of 1940.

(*2*) In making any assessment for the year ending on the 31st day of March, 1942,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" or under the head "Interest on Securities" or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1940, read with sub-section (*1*) of section 3 of the Indian Finance (No. 2) Act, 1940, on his total income the same proportion as the amount of such inclusions bears to his total income;

XI of 1922.

XVI of 1940.

(*b*) where the total income of an assessee, not being a company, includes any income chargeable under the head "Salaries" on which super-tax has been or might have been deducted under the provisions of sub-section (*2*) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusions shall be an amount bearing to the total amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1940, read with sub-section (*1*) of section 3 of the Indian Finance (No. 2) Act, 1940, on his total income the same proportion as the amount of such inclusions bears to his total income.

XI of 1922.

XVI of 1940.

(*3*) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (*1*) of this section, and in accordance with the provisions of sub-section (*2*) of this section where applicable.

XI of 1922.

(*4*) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922.

XI of 1922.

Continuance of and rate of Excess Profits Tax.

8. (*1*) In sub-clause (*a*) of clause (*6*) of section 2 of the Excess Profits Tax Act, 1940, for the words and figures "31st day of March, 1941," the words and figures "31st day of March, 1942," shall be substituted. XV of 1940.

(*2*) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940, shall in respect of any chargeable accounting period beginning after the 31st day of March, 1941, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits. XV of 1940.

THE SCHEDULE.

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See* section 6.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

(*See* section 7.)

Letters.	
For a weight not exceeding one tola	One and a quarter annas.
For every tola, or fraction thereof, exceeding one tola .	Half an anna.
Postcards.	
Single	Nine pies.
Reply	One and a half annas.
Book, Pattern and Sample Packets.	
For the first five tolas or fraction thereof	Nine pies.
For every additional two and a half tolas, or fraction thereof, in excess of five tolas	Three pies.
Registered Newspapers.	
For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half and anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas . . .	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas	Quarter of an anna.
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	
Parcels.	
For a weight not exceeding forty tolas	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas".

It is hereby declared that it is expedient in the public interest that the provisions of clauses 3, 4 and 5 of this Bill shall have immediate effect under the Provisional Collection of Taxes Act, 1931.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to continue for a further period of one year the existing rate of salt duty, the present inland postage rates and the present rates of income-tax and super-tax ; to increase the rates of duty on matches, mechanical lighters, artificial silk yarn and thread ; to increase the Central surcharge on taxes on income to 33 1/3 per cent. and to fix the rate of excess profits tax at 66 2/3 per cent.

2. Clause 2 provides for the continuance for a further period of one year of the existing provisions regarding salt duty. The duty of Rs. 1-4-0 per maund on salt remains liable to the additional duty imposed under section 5 of the Indian Finance (Supplementary and Extending) Act, 1931.

3. Clause 3 provides for the doubling of the excise duty on matches, which will automatically increase the customs import duty to the extent of the increased excise.

4. Clause 4 provides for the doubling of the excise duty on mechanical lighters, which will automatically increase the customs import duty to the extent of the increased excise.

5. Clause 5 provides for the increase of the alternative specific import duty on artificial silk yarn and thread from three annas to five annas per pound.

6. Clause 6 provides for the continuance for a further period of one year of the present inland postage rates.

7. Clause 7 provides for the continuance for the further period of one year of the existing rates of income-tax and super-tax increased by a surcharge for the purposes of the Central Government of 33 1/3 per cent.

8. Clause 8 provides for the increase in the rate of the excess profits tax from 50 per cent. to 66 2/3 per cent.

9. The reasons for making the above changes have been fully explained in my Budget Speech.

NEW DELHI,
The 28th February, 1941.

A. J. RAISMAN.

A Bill to provide for the imposition and collection of an excise duty on tyres.

WHEREAS it is expedient to provide for the imposition and collection of an excise duty on tyres;

It is hereby enacted as follows:—

Short title and extent.

1. (*1*) This Act may be called the Tyres (Excise Duty) Act, 1941.

(*2*) It extends to the whole of British India.

Definitions.

2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) "manufactory" means any premises wherein tyres are manufactured;

(*b*) "owner" includes any person expressly or impliedly authorised by an owner of a manufactory to be his agent in respect of the manufactory;

(*c*) "tyre" means a pneumatic tyre in the manufacture of which rubber is used, and includes the inner tube and the outer cover of such a tyre.

Imposition of and amount of duty.

3. (*1*) A duty of excise at the rate of ten per cent on the value thereof shall be levied on all tyres manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April 1941, and shall be payable by the owner of the manufactory.

(*2*) For the purposes of levying the duty imposed by sub-section (*1*) the Central Government may, by notification in the official Gazette, fix the values of tyres or of any class of tyres; and where no such value has been fixed the value of a tyre shall be deemed to be the wholesale cash price, less trade discount, for which a tyre of the like kind and quality is sold or is capable of being sold by a manufactory without any abatement or deduction whatever except the amount of the excise duty payable on it at the time of issue out of the manufactory.

Recovery of duty with penalty.

4. (*1*) If any duty payable under section 3 is not paid within the time fixed by a notice issued in accordance with any rules made in this behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum, not exceeding double the amount of the duty unpaid, which such authority may in its discretion think it reasonable to require.

(*2*) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land-revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

Issue from manufactory.

5. (*1*) No person shall issue any tyres out of any manufactory except in accordance with the provisions of rules made under section 8 regulating such issue, or, until such rules are made, in accordance with the general or special orders of the Central Government.

(*2*) Whoever contravenes any such rule or order shall be punishable with fine which may extend to one thousand rupees or to a sum double the amount of the duty on any tyres issued in contravention of such rule or order, whichever is greater.

Application of the provisions of Act VIII of 1878 to the duty on tyres.

6. The Central Government may, by notification in the official Gazette, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences and penalties, confiscation and procedure relating to offences and appeals shall, with such modifications and alterations as it may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty imposed by sub-section (*1*) of section 3. VIII of 1878.

Power of Central Government to prohibit import.

7. The Central Government may, by notification in the official Gazette, prohibit absolutely, or with such exceptions as it thinks fit, the bringing of tyres into British India from the territory of any specified Indian State.

Power to make rules.

8. (*1*) The Central Government may, by notification in the official Gazette, make rules—

(*a*) imposing on owners of manufactories the duty of furnishing returns and keeping records, and books, and prescribing the form of such returns, records and books and the particulars to be contained therein, and the manner in which the same are to be verified;

(*b*) regulating the issue of tyres out of manufactories;

(*c*) providing for the assessment and collection of the duty, the issue of notices requiring payment, the authority to whom the duty shall be payable and the recovery of arrears;

(*d*) authorising and providing for the inspection of manufactories; and

(*e*) generally for carrying into effect the provisions of this Act.

(*2*) Such rules may provide that any breach thereof shall be punishable with fine which may extend to five hundred rupees:

Provided that the breach of any rule made under clause (*b*) of sub-section (*1*) shall be punishable with the punishment provided for an offence against section 5.

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to impose an excise duty of ten per cent. *ad valorem* on pneumatic rubber tyres and tubes, for the reasons given in my Budget speech.

A. J. RAISMAN.

NEW DELHI ;

The 24th February, 1941.

Speech of the Financial Secretary in the Council of State on the 28th February, 1941.

THE HONOURABLE MR. C. E. JONES (Finance Secretary): Sir, I have the honour to present to the House the revised estimates of revenue and expenditure of the Governor General in Council in respect of subjects other than railways for the year 1940-41, and the corresponding estimates of revenue and expenditure for the year 1941-42.

2. Twelve months have passed since I brought before the House the estimates and proposals for the current year, which constituted India's first war budget for the war which by then, as we now see in retrospect, had barely got going. Within that year momentous developments have occurred. We have seen nation after nation falling victim to ruthless and unprovoked aggression. It is not necessary for me however to enlarge on that subject, since the course of events is known to all and little imagination is required to appreciate their terrible implications to the people affected. Nor need I dwell on the encouraging achievements of the Allied forces during the past three months. But I cannot refrain from paying my small tribute of admiration and gratitude to the Indian contingents in the Middle East armies for the courage and bravery with which they have been "doing their bit" to hold one of the vital routes to India and so to keep the conflict, which seems rapidly to be developing into a world war, away from the soil of their Motherland. Meanwhile the world situation remains extremely grave and our immediate task here is to develop with the utmost possible speed our military strength and preparedness to ensure that we can successfully resist attack from whatever quarter and in whatever strength it may come to us.

3. Considering the intensity and the far flung spread of the present world conflict it is inevitable that the dominant factor governing the financial and economic situation in this country should be the war and the conditions arising out of the war. The effect of the impact of war conditions on our economy has been adverse, and in many respects seriously adverse. Yet the blackness of the picture is not altogether devoid of relief and it behoves us to guard against the temptation to overdraw it. We are, indeed, in my opinion, not without grounds for some measure of surprise and gratification that conditions are not as bad as they might so easily have been after 18 months of war. We have lost large and important export markets for our produce in Europe, but the loss has been at least partially made good within the Empire and in certain neutral countries. The shortage of shipping is frequently acute, yet the value of our exports is on a substantially higher level than it was in the pre-war months. The catastrophic fall in prices which was brought about by the military events of the early summer of 1940 was succeeded by a partial recovery, with the result that the present prices of many of our main commodities are appreciably higher than they were in August, 1939. Then, again, our rapidly accelerating war effort imposes an increasingly heavy burden of expenditure on our budget; but the vast and growing requirements of war supply are providing a powerful stimulus to the industrialisation of the country, increasing the volume of employment, expanding the national income and thereby assisting the country to provide the finance required by way of taxes, gifts or loans. The growing consumption capacity of the country in general is well illustrated by the growth of railway traffic receipts, especially the increased earnings from passenger traffic, to which the Honourable Railway Member made reference in his speech introducing the Railway Budget in the Legislative Assembly last week.

4. For a proper appreciation of the prospects for the current year some reference to the final results for the financial year 1939-40 is necessary, but I will deal with that very briefly. Honourable Members will recall that it was decided to take the surplus of 1939-40, which according to the revised stimates was expected to amount to Rs. 91 lakhs, to a Revenue Reserve Fund so as to be available for expenditure on revenue account in the current year. A lucky year-end spurt in trade activity, mainly due we believe to the laying in of stocks in the closing months of the year, so increased our revenue from Customs and Salt and the earnings of our railways that, combined with an improvement of over a crore in income-tax receipts and a few other minor improvements in revenue, the realised surplus amounted to no less than Rs. 7,77 lakhs. The Revenue Reserve Fund thus secured Rs. 6,86 lakhs more than we anticipated at this time last year.

5. The improvement in the income-tax receipts raised the amount of the divisible pool from Rs. 13,76 lakhs to Rs. 14,66 lakhs, thereby increasing the share payable to the Provinces for the year 1939-40 from Rs. 2,38 lakhs to Rs. 2,83 lakhs. As the arrears due on account of the year 1938-39 had been finally certified to be Rs. 39 lakhs and the amount actually distributed in March, 1940, was Rs. 2,79 lakhs, there remains a balance of Rs. 43 lakhs due to be paid to the provinces along with their share for the current year.

6. We are now in a position to review our revenue prospects for the current financial year, 1940-41. Honourable Members are aware that our customs revenue is being sadly depleted as a result of war disturbances to trade. There is first the direct loss of trade with enemy countries and countries under enemy occupation. Then there is the painful necessity of restricting imports from certain "difficult currency" countries as they are called in order to conserve foreign exchange for purposes vital to the prosecution of the war. Last but by no means least there is the shortage of shipping for normal trade purposes resulting from the heavy war demands on available tonnage. In view of these adverse factors the budget estimate of Customs receipts had been fixed as low as Rs. 39,16 lakhs, as against actual receipts for 1939-40 of Rs. 45,88 lakhs. But the fall has proved to be even sharper than we anticipated and we now put our revised estimate for the year at Rs. 37,75 lakhs, which is Rs. 1,41 lakhs below the budget figure. Central Excise revenue also shows a substantial fall, mainly due to sugar the collections from which are now expected to amount to only Rs. 3,15 lakhs against the budget estimate of Rs. 5,25 lakhs, a drop of Rs. 2,10 lakhs on that one commodity alone. The estimate for Salt revenue was fixed on the basis of normal annual consumption, but the abnormally heavy clearances in the latter part of last year have been followed by reduced issues in the current year which will bring our revenue receipts half a crore below the budget estimate. These reductions are, however, more than offset by a number of substantial gains. There is first the additional Rs. 6,86 lakhs available in the Revenue Reserve Fund to which I have already referred. Then the magnificent railway contribution to general revenues in the current year, which as the Railway Budget disclosed amounts to Rs. 9,96 lakhs inclusive of a refund of arrear contributions to the extent of Rs. 2,81 lakhs, gives us Rs. 4,65 lakhs more than was provided in the budget. Excess Profits tax payable for the current year is still estimated at Rs. 3 crores, but on account of unavoidable delay in assessment work only Rs. 2 crores are likely to be collected within the year, leaving a carry over of Rs. 1 crore for next year. We anticipate a corresponding fall of Rs. 83 lakhs below budget under Corporation Tax, but other Taxes on Income, including the Central surcharge imposed by the Supplementary Finance Act of last November, are expected

to show a rise of Rs. 3,30 lakhs, of which Rs. 73 lakhs goes to increase the share payable to the Provinces from the budgetted sum of Rs. 3,00 lakhs to Rs. 3,73 lakhs, leaving a net improvement to the Central Budget of Rs. 2,57 lakhs. Other increases are Rs. 92 lakhs from Currency and Mint, mainly due to the exceptionally heavy absorption of small coin into circulation, and Rs. 65 lakhs in the surplus of the Posts and Telegraphs Department to which the increases in postal rates and the surcharges on telegram and trunk telephone charges imposed last November have largely contributed. The net result of these variations and others of less significance is that our revised estimates for revenue for 1940-41 show an improvement as compared with the budget estimates of Rs. 11,07 lakhs. The actual figures are, Budget Rs. 92,64 lakhs; Revised, Rs. 103,71 lakhs.

7. We have now to consider the expenditure position in the current year, the dominating feature of which is inevitably defence expenditure, and it is with this aspect that I will first deal. Honourable Members will remember that by last November an expansion programme was well under way, a comprehensive description of which was given at the time, calculated as I explained in my speech moving consideration of the Supplementary Finance Bill to increase by no less than Rs. 14½ crores this year's original budget provision for the Defence Services of Rs. 53½ crores. The three succeeding months, short as the period may appear, have been productive of such rapid progress and so intensive a development of India's war effort that the non-recurring and recurring cost of the defence measures to which we now stand committed over and above what were envisaged when the budget for the year was prepared have increased from Rs. 33 crores and Rs. 16 crores per annum respectively, as announced last November, to Rs. 52 crores and Rs. 19 crores per annum; while the amount of additional expenditure falling in this year's budget has risen from Rs. 14½ crores to Rs. 17¾ crores. The House will I am sure welcome some indication of the progress that has been made, and I will give such particulars as are possible within the necessarily confined limits of this speech.

8. The total strength of our armed forces is now well over half a million men of all arms and further expansion is proceeding. Provision has been made for the raising of new armoured and mechanised cavalry regiments, new Indian field artillery regiments, regular infantry battalions, engineer units, more M. T. Sections and all the highly trained and specialised ancillary troops required for modern warfare. The Fighting Vehicles School has continued to expand; a new Cadet Wing has been opened at the Artillery School, and an anti-aircraft training centre has been established which is designed to train several hundred students a month. The R. I. A. S. C. Officers' Technical School has been further expanded and its output is now seven times what it was at the outbreak of war. Mechanical transport training establishments have still further increased and, apart from mechanised cavalry artillery and infantry, who train their own men, the output of trained drivers has grown to 40 times what it was in August, 1939. Two new Signal Training Centres have been opened and the training establishments of Sapper and Miner Units have more than doubled since November last.

9. The House will be glad to know that in the expansion which is now in progress special attention is being devoted to the provision of adequate training establishments and the maintenance of that high standard of training which has rightly become associated with the Indian Army. Thorough and efficient training produces rich rewards as the recent victories in Africa have proved in a peculiarly spectacular manner. Inefficient or scamped training

might well be productive of large-scale military disasters and huge loss of life. This important consideration inevitably sets a limit to the pace of our expansion.

10. Many of the new units we have raised are now completing their training and a number have already taken up active rôles. When the expansion of the army in India began, owing to difficulties in obtaining equipment, the number of armoured units and artillery regiments included was less than could have been desired. Improvements in the supply situation, however, both in India and the United Kingdom, have now made it possible to remedy this deficiency and our plans include the transformation into armoured and light-armoured regiments of the whole of the existing cavalry, and the raising of additional regiments of this kind. With regard to artillery, increasing assistance from His Majesty's Government, both in personnel and equipment, has made it possible to ensure that we do not fall short in this component.

11. With regard to equipment generally, His Majesty's Government have recently agreed to a standing arrangement under which India will receive a substantial fixed proportion of the output of the United Kingdom. As a result of this arrangement, steady supplies of all kinds of equipment un obtainable in India, such as guns, machine tools, optical instruments, wireless and other signalling equipment and anti-gas equipment are now forthcoming and will enable India to push forward with the modernisation of her normal defence garrison, and with the equipment of the forces now being raised, on a scale adapted to the requirements of modern war.

12. The growth of the Royal Indian Navy has continued unchecked; the programme of shipbuilding in India has been further expanded and the recruiting and training of officers and men to man the new construction is proceeding apace. All instructional establishments have been greatly increased in capacity; a new Signal School is being built and start has been made with a large new Gunnery School. Other new Naval establishments are in process of development. Some idea of the increase in work being carried out in the Government Dockyard may be gathered from the figures of workmen of all classes and trades employed there. Before the war the figure was 1,168; it has now risen to nearly 5,000. In addition to meeting our own requirements, a great deal of work has been carried out on behalf of His Majesty's Government in connection with the arming and protection of both British and Indian merchant shipping, and also in the provision of repair facilities to ships of the Royal Navy.

13. As regards the Air Force, the difficulties arising from deficiencies of equipment and experienced technical personnel, which for a time held up the expansion of this Arm, have recently been considerably lessened. A number of modern aircraft and connected equipment are in sight from American sources and further supplies are expected which will go a considerable way towards completing and modernising the equipment of the squadrons now in India, as well as setting free machines for the training of new squadrons. The arrangements for training personnel have also been considerably improved. Close liaison between the civil and air force training schemes has been established, and a proposed amalgamation and re-organisation of all available facilities will provide Air Force elementary flying training schools, formed around existing flying clubs, and an expanded service flying training school. All these institutions will be operating to full capacity in the near future. A start has been made with the formation of a reserve and the training both of officers and airmen is being pushed forward as rapidly as the capacity of the schools permit

and as fast as instructional and maintenance personnel and equipment become available. The scheme for establishing aeroplane manufacture in India has reached a new stage and there is now little doubt that the year 1941 will witness the appearance of the first aeroplanes to be produced in India. This achievement, memorable in itself, should prove of great value in speeding up the expansion of India's air force, a development of supreme importance.

14. The position in regard to the vital matter of supplies has, I am glad to say, substantially improved since last November. The Government Ordnance and Clothing factories have been working at the highest pressure for some time past and an indication of what this means can be gathered from the fact that whereas before the war the average number of workmen employed in these factories was under 17,000, the number has now risen to over 45,000 and the curve of production is still rising. Steps have recently been taken to supplement the output of these factories by taking over railway and private workshops and utilising their resources for the production of munitions of war. The Roger Mission, which has been investigating the possibilities of expanding India's output of war supplies has now submitted its reports to His Majesty's Government who are giving them their urgent consideration. We may hope that the result will be that India will before long be able substantially to increase her output of munitions.

15. Certain other important developments are expected to lead to a further considerable improvement in the supply field. His Majesty's Government have agreed to a forward programme of supply covering estimated requirements for a period of two years ahead, which has enabled the Department of Supply to enter into forward commitments within the limits of the programme and so even out the flow of production and utilise productive capacity to maximum advantage. His Majesty's Government have also authorised us to purchase vehicles, machine tools and other essential war requirements in the United States and Canada, to the extent necessary to meet our needs for a considerable period ahead. An officer has been placed on special duty in America with the object of discovering and effecting purchases of such supplies as are available to India from this source. Then again, the deliberations of the Eastern Group Conference will shortly bear fruit in the shape of the institution of an Eastern Group Supply Council to be located in India which will in due course co-ordinate the requirements of various Empire countries and forces operating east of Suez and will ensure that the resources of the participating countries are utilised to the fullest advantage for the successful prosecution of the war.

16. These widespread developments in the supply field must necessarily give a great stimulus to Indian industries. One of the most important results has been the investigation of the possibilities of establishing new industries in India for the production of stores that have hitherto been imported. The list of stores required both in India and to meet overseas demands is constantly under review and items formerly placed in the category of imported stores are continually being transferred to the indigenous category as a result of the discovery either of methods of producing them in India or of suitable domestic substitutes.

17. It is this remarkable acceleration of defence activities in so many directions that has led to the increased burden of expenditure falling on our revenues of which I gave the figures a few minutes ago. The bill is heavy, but the need for security is paramount and the pace of progress must be conditioned by

limitations of supply, training and such like rather than of cost. The maximum rate of efficient expansion of which we are capable is the minimum which responsible opinion in the country demands. I should here perhaps remind the House that the allocation of war expenditure between India and His Majesty's Government is still governed by the settlement arrived at between the two Governments which was fully explained in my budget speech of a year ago. In accordance with the principles underlying this settlement any forces now being raised that India may agree to send for service overseas cease to be an Indian liability on leaving India and the whole initial cost of raising, training, and equipping such forces as well as the subsequent recurring charges are borne by His Majesty's Government. The details of the revised estimate of defence expenditure for 1940-41 which amounts to Rs. 72,02 lakhs work out as follows :—

	(Rs. in lakhs.) Budget.	Revised.
	Rs.	Rs.
(1) Basic normal budget	36,77	36,77
(2) Effect of rise in prices on (1)	2,00	2,53
(3) India's war measures	6,59	24,31
(4) Non-effective charges	8,16	8,41
TOTAL .	53,52	72,02

The increase of Rs. 53 lakhs in item (2) is mainly due to the increases of emoluments granted during 1940-41 to British and Indian troops as a war concession In so far as these increases would have raised the cost of India's normal garrison the extra cost is included under this head. The increase of Rs. 17¾ crores in item (3) has already been explained. Out of the total provision of Rs. 24,31 crores for India's war measures approximately Rs. 15,00 crores represents the initial cost of such measures ; the balance consists of recurring expenditure. The revised estimate for non-effective charges—item (4)—has for the present been fixed at the normal budget level of 1939-40 but discussions are in progress with His Majesty's Government with a view to reaching a settlement that will regulate the allocation of these charges as has already been done for effective charges. The effect of the war on these charges obviously cannot be foreseen, though happily there has so far been no appreciable increase owing to the absence of heavy casualties. I should here point out that the excess of the sum of Rs. 24,31 crores shown against item (3) over our normal defence expenditure by no means reflects the full magnitude of India's war effort since it excludes the cost of supplies and services rendered by India to His Majesty's Government, which is substantially greater than this amount.

I should also mention here that His Majesty's Government, besides paying in full for all such supplies and services, are supplying free of charge much of the equipment needed for the modernisation of the Army in India and for the initial equipment of units now being raised in pursuance of our expansion scheme.

18. Our revised estimate of civil expenditure for the current year stands at Rs. 40,11 lakhs, an increase of Rs. 1,04 lakhs over the budget estimate o Rs. 39,07 lakhs. As I explained last November, an increase of nearly Rs. 2½

crores was expected on account of schemes which, though attributable to and directly connected with our defence measures, are actually chargeable to civil estimates ; such as, for example, the schemes for the training of the Air Force Reserve and of war technicians. That expectation still stands, but the increase is offset, first by a real saving of Rs. 71 lakhs in interest charges on account of the low level of interest rates, especially of short-term debt ; and secondly by a technical saving of Rs. 67 lakhs, the amount received from Burma as her share of pensionary charges which, through a change in accounting procedure, is now to be taken in reduction of expenditure instead of as a revenue receipt.

19. The revised estimates for the current year 1940-41 may therefore be summarised in the following form :—

(In lakhs of Rs.)

	Budget.	Revised.	Improvement (+) Worsening (—).
Net defence expenditure . . .	53,52	72,02	—18,50
Civil expenditure . . .	39,07	40,11	—1,04
Total expenditure . . .	92,59	112,13	—19,54
Total revenue	92,64	103,71	+11,07
Surplus (+) Deficit (—) . . .	+5	—8,42	..

The Budget was framed to give a nominal surplus of Rs. 5 lakhs. In November we were faced with a probable deficit of the order of Rs. 13 crores before taking into account the revenue from the new taxation then imposed, which was expected to yield Rs. 2 crores within the year. We now estimate that the deficit will be Rs. 8,42 lakhs. The improvement on our November anticipations is more than accounted for by the further payment of Rs. 2,81 lakhs made by the Railways to general revenues by way of refund of arrears of contribution.

20. We can now turn to a consideration of the estimates of revenue for the coming financial year, 1941-42. The major variations as compared with the revised estimates of revenue of the current year can be quickly enumerated. The Revenue Reserve Fund which provided Rs. 7,77 lakhs this year will give us nothing next year. We have also allowed for a further fall of Rs. 3 crores in the yield from Customs duties on the assumption that the war-time factors already described which are hindering trade and reducing our Customs receipts will continue to operate throughout the coming year with but little greater intensity than they have done during the current year. Against these reductions, we are taking credit for an increase of Rs. 1,75 lakhs in the Central Excise revenue, mainly on account of sugar, and we will also get the benefit of a full year's receipts from the Central surcharge on income-tax as compared with only 4 months' receipts in the current year, as well as the benefit of the first full year's receipts from the Excess Profits Tax. The yield from the Central surcharge is estimated at Rs. 5,68 lakhs, and that from Excess Profits Tax at Rs. 7½ crores for 1941-42 *plus* the Re. 1 crore carry-over from 1940-41. We have raised our next year's estimate of the total yield from ordinary Corporation Tax and Income Tax by half a crore to reflect the improvement which will result from the assessment of incomes derived from a full year of war profits. Incidentally, the share payable to the Provinces next year out of the divisible Income-Tax pool is expected to establish a new record at Rs. 4,46 lakhs, an advance of Rs. 73 lakhs on the current year's figure.

21. We are counting upon the continued prosperity of our great commercial Departments to give us contributions next year even higher than they are giving this year ; in the case of the Railways by Rs. 22 lakhs for the reasons which were made apparent in the Railway Budget, and in the case of the Posts and Telegraphs Department by Rs. 38 lakhs because the recently increased rates will operate for the whole year. Salt should give us Rs. 60 lakhs extra on the assumption of normal clearances.

22. The net result of all these variations and of others which need not be specifically mentioned is an increase in the total revenue for the year 1941-42 of Rs. 2,68 lakhs, thus bringing it to the figure of Rs. 106,39 lakhs.

23. Next year's expenditure on the other hand is expected to show an advance on the revised estimates for the current year of Rs. 14,72 lakhs, of which Rs. 12,11 lakhs is on account of defence and Rs. 2,61 lakhs pertains to civil expenditure.

24. Expenditure on the Defence services for 1941-42 amounts to Rs. 84,13 lakhs made up as follows :—

	(Rs. in lakhs.) Revised, 1940-41.	Budget, 1941-42.
(1) Basic normal budget	36,77	36,77
(2) Effect of rise in prices on (1)	2,53	3,55
(3) India's war measures	24,31	35,40
(4) Non-effective charges	8,41	8,41
TOTAL .	72,02	84,13

The increase over the revised indicated at item (2) is due to the fact that the increases in emoluments granted as a war concession to British and Indian troops took effect from various dates in 1940-41 whereas they will be in force throughout 1941-42.

25. The growth of expenditure on India's war measures has already been explained at length. The effect of this growth on the Defence budget for 1941-42 is shown at item (3), the increase over the revised being Rs. 11,09 lakhs. Approximately half the total amount of Rs. 35,40 lakhs provided for India's war measures is on account of initial cost of these measures, the balance consisting of recurring charges. I should like here to impress upon the House the fact that in these estimates of Defence expenditure only such specific schemes and measures as are definitely under way or in sight have been provided for. Our Defence plans have to be adapted from time to time to meet the ever changing war situation, which means that additional projects are constantly being undertaken, and it is clearly impossible to make any forecast of the cost of such unforeseeable items. The provision for non-effective charges has been retained at the normal figure for 1939-40 for the reasons already given. Here too, as I have remarked in connection with the revised estimates, the figures exclude the value of supplies and services rendered by India to His Majesty's Government. The charges borne by that Government on this account during 1941-42 are expected to be more than double the amount of India's war expenditure.

26. The rise of Rs. 2,61 lakhs in the Civil expenditure estimates is due to three main causes. First there is the natural increase resulting from provision being made for a full year's working of various schemes connected with the war

which were only started rather late in the current year. Thus, for instance, the total cost of the scheme of technical training to meet the demand for skilled labour in the ordnance and munitions factories is estimated at Rs. 1 crore, of which only Rs. 7 lakhs will be spent this year and the balance of Rs. 93 lakhs next year. Then there is a number of new items of essential expenditure which the Standing Finance Committee has recommended for inclusion in the Budget. These include India's share of the subsidy to this year's Haj pilgrimage to meet the extra cost due to war conditions; new civil aviation works, new Broadcasting works, including a high power transmitter for external broadcasts; and a third Mint to cope with the enormous increase in coinage demand, which will eventually replace the existing Calcutta Mint the disposal proceeds of which will go a long way towards paying for it. Then finally there is the cost of the continued expansion of the Department of Supply, which must necessarily grow along with the ever-growing demands which it has to meet.

27. The budget estimates for 1941-42 can now be summarised as follows :—

(In lakhs of Rs.)

	Revised, 1940-41.	Budget, 1941-42.	Improvement (+) Worsening (—).
Net defence expenditure . .	72,02	84,13	—12,11
Civil expenditure	40,11	42,72	—2,61
Total expenditure	112,13	126.85	—14,72
Total revenue	103,71	106,39	+2,68
Surplus (+) Deficit (—) . . .	—8,42	—20,46	

There is thus a prospective deficit on revenue account of Rs. 20,46 lakhs, but I must here interrupt the story of our finances for next year to deal with the important question of our ways and means position.

28. The main loan issue during the year was the six-year 3 per cent. Defence Bonds, which by the 25th January, when the original issue was closed, had realised nearly Rs. 45 crores, in cash to the extent of Rs. 31½ crores and by conversion of the 5 per cent. Loan 1940-43 to the extent of Rs. 13½ crores. A second 3 per cent. Loan was issued as from the 1st February on terms rather more favourable to the general taxpayer, thus affording striking testimony to the strength of India's financial credit in these difficult times. Interest-free Bonds were also made available on tap, subscriptions to which have so far amounted to Rs. 2,31 lakhs. We are grateful to those who are in this way assisting our war effort at no cost to the revenues of India. Ten-year Defence Savings Certificates are available for the smaller man, on terms designed to carry a dual appeal, to patriotism and self-interest. In the space of 8 months the total receipts from all these Defence Loans have amounted to over Rs. 50 crores, but much more will be required in the coming year and I would like to take this opportunity to appeal to every well-wisher of India not only to support our loans to the utmost extent of his capacity for saving but also to do all he can by way of personal influence and educative propaganda to induce others to subscribe. The benefit to the country, not only now but in the lean years which might quite possibly follow the war, as well as the value to the individuals concerned, which would result if millions of the poorer classes could be persuaded to save and lend to the Government only a few rupees each, needs no stressing. Facilities of different types have been provided to meet the varying needs of different classes. For Government servants a

Defence Savings Provident Fund has been instituted which offers a ready means of making regular contributions in support of the war effort. We shall shortly have in operation a new scheme of Post Office Savings Bank Deposit accounts repayable a year after the end of the war on attractive terms as to interest, *viz.*, 1 per cent. more than is now given on ordinary Postal Savings Bank deposits. There are also savings stamps to facilitate the purchase of Defence Savings Certificates through the accumulation of a number of small savings. The facilities are available. What we now need is the goodwill and ready help of public spirited persons to secure a widespread response.

29. The outstanding balance of the 5 per cent. Loan 1940-43 amounting to about Rs. 19½ crores was completely repaid during the current year, thereby effecting an appreciable saving in our interest charges. Next year we have to provide for the repayment of the 3 per cent. Bonds 1941 which fall due on the 15th September next, the outstanding balance of which is about Rs. 10½ crores.

30. I would now like to say something on the subject of sterling debt repatriation which has recently been brought prominently before the notice of the public by the announcement of our compulsory £90 million scheme. While the announcement has been generally, and rightly, welcomed, published comment on the scheme has disclosed a certain amount of misapprehension, a certain degree of confusion of thought, and in a few quarters a strange and totally unjustified suspicion. Repatriation of the Government's sterling debt means in essence nothing more than the buying up and cancellation of our sterling loans and their replacement by rupee loans. Nothing more, yet nothing less, for it is surely a great thing that in the midst of a devastating war which is dislocating national economies throughout the world, India should be able to secure the strengthening of her financial credit which must inevitably result from a large scale conversion of her external obligations into internal indebtedness.

31. The policy of debt repatriation is not new. It was started in 1937, but the pace was limited both by the extent of our sterling assets and by the extent to which investors could be induced to part with their holdings at fair prices. I explained in my Budget Speech last year how the growth of sterling resources resulting from our increasingly favourable balance of trade, and from the payments received in the United Kingdom on account of recoverable war expenditure, and for supplies made to His Majesty's Government enabled the process of repatriation to be expedited and extended. The only method then open to us was that of open market purchases in London, and the total amount so acquired has gradually risen to the figure of £28½ million at which it now stands. The only new features in the present scheme are, firstly the element of compulsion, and secondly and consequentially the size of the transaction. Experience has shown that most of our sterling stock was firmly held, and once the stage was reached when most of the floating stock had been removed from the market compulsion became inevitable if repatriation were to proceed. In the circumstances, we have reason to be grateful to the British Government for their assistance in requisitioning stock held by residents in the United Kingdom for delivery to us at market prices by means of an order issued under their special war powers. Some critics have tried to create a grievance from the fact that the operation, by releasing funds for investment in the United Kingdom Loans, will be of assistance to His Majesty's Government in their financing of the war. They apparently argue that an advantage to the United Kingdom must necessarily imply an equal and opposite disadvantage to India, refusing to recognise the possibility of an arrangement being mutually advantageous

to both. Such a line of reasoning, if reasoning it can be called, we emphatically repudiate. But possibly the most effective answer to biassed criticism of that kind is to point out that the British Government's power of requisitioning securities is itself statutorily dependent upon some degree of strengthening of their financial position as a result of the requisitioning. I submit, Sir, that we may well feel gratified that India in improving her own position has also contributed to facilitating the war-time problems of Britain.

32. Honourable Members are aware that the present repatriation operation covers all six of our terminable or dated sterling loans, the value at present market prices of the outstandings of which is approximately £90 million or Rs. 120 crores. A considerable portion of this, probably the major portion although we do not know to what extent, will be held by residents in the United Kingdom and will thus come within the terms of the British Government's order. These holders will be paid in sterling, for which the Reserve Bank possesses ample sterling resources which it has agreed to utilise for the purpose. On the other hand an unknown portion of these stocks is held by residents in India and will come under the corresponding requisitioning order recently issued by the Government of India. These holders will be paid at their option either in rupees or in rupee counterparts of the sterling loans purchased from them. We of course do not know how far Indian holders will elect to receive payment in the form of counterparts although we anticipate that the majority will do so. Lastly, some stocks may be held by residents outside the United Kingdom and India to whom no compulsion can be applied. To such holders the Reserve Bank is making a voluntary offer to buy the securities from them at the fixed prices, which offer they will probably accept since after the repatriation has been effected any small balances outstanding in these loans will not be readily marketable. Until we get fully information on these various points it will not be possible for us finally to determine the exact machinery for financing the operations. The financing involves Government buying sterling from the Reserve Bank and arranging for the necessary rupee funds to pay for that sterling. We know that we would be in a position to finance the entire operation even though the whole amount of £90 million had to be paid in sterling. It is certain however that sterling payments will be appreciably below that figure, although until the returns come in we shall not know, even within a margin of tens of crores, what the actual commitments will be. As regards the manner in which Government will place itself in rupee funds, we will be guided by two main considerations, *viz*, (1) the unsoundness of paying off to an unduly large extent debts maturing some time ahead by very short term commitments such as treasury bills and (2) the undesirability of attempting immediately to secure from the investing public an equivalent amount in rupee loans of corresponding maturities and thereby depressing security prices and undermining the policy which we are following, with the co-operation of the Reserve Bank, of maintaining money at a cheap level so as to minimize the burden of the war. In all probability the Reserve Bank will take a fair proportion of rupee securities in its Issue Department to replace sterling assets taken from the Issue Department for the purchase of our sterling stocks. To enable this to be done the proviso to section 33(3) of the Reserve Bank of India Act has recently been repealed. The Reserve Bank may also carry a certain portion of these loans in its Banking Department, and Government may themselves carry some to the extent that their ways and means position permits. The detailed procedure will however be worked out as soon as the facts of the situation become available, in consultation with the Reserve Bank which has co-operated so readily and so promptly with the Government in financing this large and important transaction.

33. I should perhaps mention here that there is neither any necessity nor any intention to reduce the minimum percentage of the external assets which must be held by the Reserve Bank under the Reserve Bank of India Act, *viz.*, 40 per cent. of their note liabilities ; nor is there any necessity, as has been suggested in some quarters, to effect a statutory revision of the price at which their gold is valued. Nor need there be the slightest apprehension about the reduction which is being made in the size of the sterling holdings of the Reserve Bank. These holdings have risen greatly since the outbreak of the war and are still steadily increasing. Even if the whole £90 million had to be paid in sterling, the sterling reserves of the Reserve Bank would still stand at about the same figures as the average sterling holdings during the last pre-war year while our external liabilities will be considerably reduced as a result of the debt repatriation. It will be obvious too that these operations do not in any way affect the size of our gold reserves nor do they involve any change either in monetary policy or in the day-to-day operations of the currency system.

34. The House will doubtless appreciate that this debt repatriation scheme, which is the largest single operation of its kind ever carried out in this country, is bound to improve the financial position of India and greatly to strengthen India's credit. By the liquidation of external obligations to the extent of Rs. 120 crores and their replacement by internal obligations India's annual external commitment is materially reduced ; the embarrassment of periodical external maturities is eliminated ; while incidentally our revenue position will secure the benefit of some reduction in interest payments, although at present it is not possible to estimate with any approach to accuracy what the extent of that benefit will be. The total reduction in our sterling obligations since 1935 inclusive of the present scheme will amount to over Rs. 220 crores, of which about Rs. 145 crores will have been repatriated since the beginning of the war, and our external liabilities will henceforth be of remarkably modest proportions in relation to the growing resources of India. This will be an immense advantage should occasion ever arise for India to have recourse to foreign markets for the capital it required.

35. The uncertainty and alarm created by the German military successes in Europe last summer led to withdrawals of Post Office Savings Bank deposits and discharges of Post Office Cash Certificates on a scale so large that our revised estimates for the current year provide for a net outgo of Rs. 29 crores (Cash Certificates Rs. 10 crores and Savings Bank deposits Rs. 19 crores) as against a small net credit anticipated in the budget. This unexpected and heavy reduction of our unfunded debt would have necessitated a correspondingly heavy increase in our floating debt but for the countervailing factors of (*a*) a capital receipt of Rs. 12 crores from the Reserve Bank on account of the one rupee notes and silver rupees issued to them, instead of a payment of Rs. 5 crores against a return of surplus rupee coin as provided in the budget, and (*b*) the favourable response which has been given to our Defence Loans. In actual fact these factors would have resulted in a reduction of the value of outstanding treasury bills by about Rs. 8 crores in the current year but for the new problem which has just arisen of financing our large sterling debt repatriation operations, the effect of which on our floating debt position cannot be assessed until we have finally determined the most appropriate method of financing this transaction. For next year we are assuming a more normal state of affairs and our estimates under these heads call for no comment.

36. I must now return to the question of the gap with which we are faced between our anticipated revenue for next financial year and our estimated

expenditure on revenue account. The prospective deficit stands at the substantial figure of Rs. 20,46 lakhs, the very size of which must give us cause to reflect on how serious our difficulties would have been had not the railway contribution come to our assistance to the extent to which it has. I feel, too, that I should at this point again remind Honourable Members that our estimates of Defence expenditure cover only such schemes as can now be definitely foreseen, and make no provision, lump sum or otherwise, for any further measures which changing circumstances may force upon us ; while our revenue from Customs is similarly vulnerable to any advance developments in the import situation. These considerations emphasize what the formidable size of the deficit in relation to the scale of Indian finances is of itself sufficient to indicate *viz.*, the necessity of reducing the gap at least to more reasonable proportions. I will now proceed to explain the proposals of the Government in this regard.

37. The first proposal takes account of the fact that at the present time the main economic advantage which is derived from India's war supply activities accrues to the industrial and commercial sections of the community, in consideration of which the direct taxpayer may fairly be expected to shoulder the larger share of the further burdens which have to be imposed. It is therefore proposed in the first place that profits of a further period of one year be subjected to the Excess Profits Tax, and that the rate applicable to such profits be 66⅔ per cent. In view of the concessions which were granted in regard to such matters as optional standard periods and depreciation it is confidently believed that the new level of the tax should neither cause substantial hardship to existing industries nor operate to impede the growth of new ones. The yield of this enhancement in the rate of Excess Profits Tax is estimated at Rs. 2½ crores. Secondly, as regards Income-Tax and Super-Tax, it is proposed that the present Central surcharge of 25 per cent. should for the year 1941-42 be raised to 33⅓ per cent. This will yield an additional Rs. 1,90 lakhs, giving a total increase from direct taxation of Rs. 4,40 lakhs.

38. So far as indirect taxation is concerned, the main proposal is to double the excise duty on matches. The present rate of duty was fixed in relation to a certain retail price, but changes in the retail price cannot for obvious practical reasons be finely graded but must necessarily be made by sudden jumps. Over large parts of the country the retail price has already jumped to the next higher point to the substantial advantage of the trade. The increase in duty now proposed will appropriate for the benefit of the public purse a due share of the enhanced retail price which the consumer has to pay. A corresponding increase will automatically ensue in the duty on imported matches, and a similar increase will be made in the duty on mechanical lighters. The additional revenue on this account is estimated at Rs. 1,50 lakhs.

39. There remains for me to mention two further proposals in the field of indirect taxation. The first is an increase in the import duty now leviable on artificial silk yarn and thread, which now stands at 25 per cent. *ad valorem* or 3 annas per pound, whichever is higher. It is proposed to increase the alternative specific duty to 5 annas per pound, and the yield of this increased tax is estimated at Rs. 36 lakhs. The second is a new excise duty of 10 per cent. *ad valorem* on pneumatic tyres and tubes. This industry which was started in India a few years ago has developed rapidly and is now well established. It already supplies a large proportion of the domestic demand in India which formerly was met by imports subject to a revenue duty of 25 per cent.

ad valorem. The yield of this new duty is estimated at Rs. 35 lakhs, thus bringing the increased revenue in the field of indirect taxation to the total of Rs. 2,21 lakhs.

40. The total estimated yield of the new taxation now proposed thus comes to Rs. 6,61 lakhs, which brings the estimated revenue for 1941-42 to Rs. 113 crores. The position will thus be—

	Rs. Lakhs.
Revenue	113,00
Expenditure	126,85
Prospective deficit	13,85

The uncovered revenue deficit will of course have to be met by borrowing, which will be part of the larger programme the necessity for which I have endeavoured to explain earlier in this Speech. The uncovered deficit is still large in proportion to the general level of Central finances and in regard to the unknown contingencies of the coming year. But having regard to the heavy additional cost of our war measures, which is almost entirely responsible for the rise in our annual expenditure from Rs. 86 crores in 1939-40 to Rs. 126 crores in 1941-42, an increase of no less than Rs. 40 crores within the limited space of 2 years, the position might not unreasonably be regarded as defensible. We are passing through troublesome and anxious times and it is idle to speculate on what the future holds for us. Let us take courage from the manner in which India has so far weathered the difficulties of the past, standing as she now does with her defence position steadily increasing in strength and her financial credit unimpaired, and face with confidence whatever part may fall to her in the months that lie ahead.

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1941-42.

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount. Voted.	*Non-voted.*	Total.
			Rs.	Rs.	Rs.
	A.—EXPENDITURE CHARGED TO REVENUE.				
1	Customs	Customs	82,13,000	*7,75,000*	89,88,000
2	Central Excise Duties	Central Excise Duties	10,85,000	*57,23,000*	68,08,000
3	Taxes on Income including Corporation Tax.	Taxes on Income	82,63,000	*1,38,000*	84,01,000
4	Salt	Salt	50,73,000	*44,58,000*	95,31,000
5	Opium	Opium	25,56,000	*1,44,000*	27,00,000
6	Provincial Excise	Excise	4,09,000	*28,000*	4,37,000
7	Stamps	Stamps	25,09,000	*2,23,000*	27,32,000
8	Forest	Forest	6,86,000	*2,87,000*	9,73,000
9	Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works.	Works for which capital accounts are kept. Miscellaneous Irrigation Expenditure, Construction of Irrigation, etc., Works.	2,11,000	*10,81,000*	12,92,000
10	Indian Posts and Telegraphs Department (including Working Expenses).	Posts and Telegraphs	11,25,48,000	*35,26,000*	12,10,74,000
11	Interest on Debt and other Obligations and Reduction or Avoidance of Debt.	Interest on Debt and other Obligations and Reduction or Avoidance of Debt.	84,24,000	*11,21,51,000*	12,05,75,000
12	Executive Council	General Administration.	1,23,000	*4,88,000*	6,11,000
13	Council of State.		1,39,000	. .	1,39,000
14	Legislative Assembly and Legislative Assembly Department.		8,11,000	*58,000*	8,69,000
15	Home Department		11,74,000	*21,22,000*	32,96,000
16	Legislative Department		3,78,000	*1,95,000*	5,73,000
17	Department of Education, Health and Lands.		5,71,000	*2,23,000*	7,94,000
18	Finance Department		5,12,000	*17,56,000*	22,68,000
19	Commerce Department		5,61,000	*3,56,000*	9,17,000
20	Department of Labour.		4,63,000	*1,98,000*	6,61,000
21	Department of Communications		2,05,000	*1,43,000*	3,48,000
22	Central Board of Revenue		5,30,000	*2,23,000*	7,53,000
23	India Office and High Commissioner's Establishment charges.		18,51,000	*22,20,000*	40,71,000
24	Payments to other Governments, Departments, etc., on account of administration of Agency Subjects & management of Treasuries.		1,11,000	...	1,11,000
25	Audit	Audit	90,37,000	*7,60,000*	97,97,000
26	Administration of Justice	Administration of Justice.	55,000	*3,35,000*	3,90,000
27	Police	Police	36,20,000	...	36,20,000
28	Ports and Pilotage	Ports and Pilotage	14,25,000	*9,01,000*	23,26,000
29	Lighthouses and Lightships	Lighthouses and Lightships.	8,14,000	*10,000*	8,24,000
30	Survey of India	Scientific Departments.	15,83,000	*5,43,000*	21,26,000
31	Botanical Survey	Scientific Departments.	56,000	*18,000*	74,000
32	Zoological Survey	Scientific Departments.	1,20,000	*51,000*	1,71,000
33	Geological Survey	Scientific Departments.	3,06,000	*1,70,000*	4,76,000
34	Mines	Scientific Departments.	1,50,000	*1,05,000*	2,55,000
35	Archæology	Scientific Departments.	11,67,000	*66,000*	12,33,000
36	Meteorology	Scientific Departments.	22,27,000	*87,000*	23,14,000
	Total Carried over	..	17,79,66,000	*14,45,62,000*	32,25,28,000

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1941-42—*contd.*

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount. Voted.	*Non-voted.*	Total.
		Brought forward .	Rs. 17,79,66,000	*Rs. 14,45,62,000*	Rs. 32,25,28,000
	A.—EXPENDITURE CHARGED TO REVENUE—*contd.*				
37	Other Scientific Departments .	Scientific Departments.	2,77,000	...	2,77,000
38	Education	Education . .	7,11,000	*2,000*	7,13,000
39	Medical Services . . .	Medical . .	8,02,000	*2,62,000*	10,64,000
40	Public Health	Public Health .	11,10,000	*2,77,000*	13,87,000
41	Agriculture	Agriculture . .	29,30,000	*65,000*	29,95,000
42	Imperial Council of Agricultural Research.	Do. .	2,29,000	*15,16,000*	17,45,000
43	Agricultural Marketing . .	Do. .	4,97,000	*19,000*	5,16,000
44	Imperial Institute of Sugar Technology.	Do. .	1,000	..	1,000
45	Civil Veterinary Services . .	Veterinary .	8,61,000	*27,000*	8,88,000
46	Industries	Industries . .	9,16,000	*1,000*	9,17,000
47	Scientific and Industrial Research	Do. .	9,29,000	..	9,29,000
48	Aviation	Aviation . .	1,02,62,000	..	1,02,62,000
49	Broadcasting	Broadcasting .	49,85,000	*19,000*	50,04,000
50	Capital outlay on Broadcasting (Charged to Revenue).	Capital outlay on Broadcasting charged to Revenue.	1,000	..	1,000
51	Indian Stores Department . .	Indian Stores Department.	16,53,000	*36,000*	16,89,000
52	Emigration—Internal . .	Miscellaneous Departments.	25,000	..	25,000
53	,, External . .	Do. .	1,34,000	*2,20,000*	3,54,000
54	Commercial Intelligence and Statistics.	Do. .	8,27,000	*67,000*	8,94,000
55	Census	Do.	2,59,000	*1,08,000*	3,67,000
56	Joint-Stock Companies . .	Do. .	1,70,000	..	1,70,000
57	Miscellaneous Departments .	Do. .	7,72,000	*31,000*	8,03,000
58	Currency	Currency . .	24,45,000	*1,78,000*	26,23,000
59	Mint	Mint . . .	69,81,000	*1,17,000*	70,98,000
60	Civil Works	Civil Works . .	1,15,33,000	*25,92,000*	1,41,25,000
61	Central Road Fund . . .	Do. .	2,07,00,000	...	2,07,00,000
62	Superannuation Allowances and Pensions.	Superannuation Allowances and Pensions.	1,08,05,000	*1,02,55,000*	2,10,60,000
63	Stationery and Printing . .	Stationery and Printing.	33,33,000	*69,000*	34,02,000
	Miscellaneous	Miscellaneous .	28,19,000	*2,10,000*	30,29,000
65	Miscellaneous Adjustments between the Central and Provincial Governments.	Miscellaneous Adjustments between the Central and Provincial Governments.	1,47,000	..	1,47,000
66	Delhi	Distributed over respective heads of account.	52,02,000	*2,44,000*	54,46,000
67	Ajmer-Merwara		20,31,000	*3,35,000*	23,66,000
68	Panth Piploda		13,000	..	13,000
69	Andaman and Nicobar Islands .		42,80,000	*1,75,000*	44,55,000
	Total carried over .		27,66,06,000	*16,13,87,000*	43,79,93,000

Details of voted and non-voted amounts included in the Demands for Grants for expenditure of the Central Government (excluding Railways) for the year 1941-42—*concld.*

Number of Demand.	Service, Administration or Area to which Demand relates.	Head of Account.	Amount. Voted.	*Non-voted.*	Total.
			Rs.	Rs.	Rs.
		Brought forward .	27,66,06,000	*16,13,87,000*	43,79,93,000
	A.—EXPENDITURE CHARGED TO REVENUE—*concld.*				
Non-voted.	*Staff, Household and Allowances of the Governor General.*	*General Administration.*	..	*19,51,000*	19,51,000
	Secretariat of the Governor General		..	*5,00,000*	5,00,000
	Federal Public Service Commission		..	*4,77,000*	4,77,000
	Defence Department . . .		..	*6,97,000*	6,97,000
	Ecclesiastical	*Ecclesiastical*	..	*6,67,000*	6,67,000
	Payments to Crown Representative	*Payments to Crown Representative.*	..	*1,37,09,000*	1,37,09,000
	Tribal Areas	*Tribal Areas* .	..	*2,36,46,000*	2,36,46,000
	External Affairs	*External Affairs* .	..	*66,64,000*	66,64,000
	Grants-in-aid to Provincial Governments	*Grants-in-aid to Provincial Governments.*	...	*3,03,00,000*	3,03,00,000
	Baluchistan	*Distributed over respective heads of account.*	..	*73,73,000*	73,73,000
	Defence Services . . .	*Defence Services* .	..	*84,56,66,000*	84,56,66,000
	Department of Supply . .	*Expenditure connected with the war, 1939.*	..	*58,26,000*	58,26,000
	Miscellaneous expenditure connected with the war . . .		..	*1,88,04,000*	1,88,04,000
	TOTAL .		27,66,06,000	*1,11,76,67,000*	1,39,42,73,000 (*a*)
	B.—EXPENDITURE CHARGED TO CAPITAL.				
70	Indian Posts and Telegraphs .	Capital outlay on Posts and Telegraphs.	13,76,000	..	13,76,000
71	Indian Posts and Telegraphs—Stores Suspense (Not charged to Revenue).	Do. .	40,00,000	..	40,00,000
72	Indian Posts and Telegraphs—Capital outlay on Telephone Projects (Not charged to Revenue).	Do. .	1,000	..	1,000
73	Capital outlay on Vizagapatam Harbour.	Capital outlay on Vizagapatam Port.	1,50,000	..	1,50,000
74	Delhi Capital outlay . .	Initial expenditure on New Capital at Delhi.	9,50,000	..	9,50,000
75	Commuted value of Pensions	Payment of Commuted Value of Pensions.	1,000	*4,87,000*	4,88,000
	TOTAL .		64,78,000	*4,87,000*	69,65,000
	C.—DISBURSEMENTS OF LOANS AND ADVANCES.				
76	Interest-free advances . .		1,77,69,000	..	1,77,69,000
77	Loans and advances bearing interest.		93,03,000	..	93,03,000
	Advances to Crown Representative for Loans to Indian States and Notabilities.		...	*11,92,000*	11,92,000
	TOTAL . .		2,70,72,000	*11,92,000*	2,82,64,000
	GRAND TOTAL .		31,01,56,000	*1,11,93,46,000*	1,42,95,02,000

	Rs.
(*a*) Expenditure shown in the Budget Statement	1,58,89,38,000
Add—Posts and Telegraphs Working Expenses	11,39,87,000
Irrigation Working Expenses	3,29,000
Credit to Capital outlay on Posts and Telegraphs	1,17,000
Imperial Institute of Sugar Technology	1,000
Broadcasting Capital Outlay	1,000
	1,70,33,73,000
Deduct—Railway Expenditure	—30,91,00,000
	1,39,42,73,000

GOVERNMENT OF INDIA

LEGISLATIVE DEPARTMENT

The following Act of the Indian Legislature received the assent of the Governor-General on the 31st March, 1941, and is hereby promulgated for general information :—

ACT No. VII OF 1941.

An Act to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on matches leviable under the Matches (Excise Duty) Act, 1934, to vary the rate of the excise duty on mechanical lighters leviable under the Mechanical Lighters (Excise Duty) Act, 1934, to vary the rate of the duty on artificial silk yarn and thread leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged.

WHEREAS it is expedient to fix the duty on salt manufactured in, or imported by land into, certain parts of British India, to vary the rate of the excise duty on matches leviable under the Matches (Excise Duty) Act, 1934, to vary the rate of the excise duty on mechanical lighters leviable under the Mechanical Lighters (Excise Duty) Act, 1934, to vary the rate of the duty on artificial silk yarn and thread leviable under the Indian Tariff Act, 1934, to fix maximum rates of postage under the Indian Post Office Act, 1898, to fix rates of income-tax and super-tax and to continue the charge and levy of excess profits tax and fix the rate at which excess profits tax shall be charged ;

XVI of 1934.

XXIII of 1934.

XXXII of 1934.

VI of 1898.

It is hereby enacted as follows :—

Short title and extent.

1. (*1*) This Act may be called the Indian Finance Act, 1941.

(*2*) It extends to the whole of British India.

Fixation of Salt Duty

2. The provisions of section 7 of the Indian Salt Act, 1882, shall, in so far as they enable the Central Government to impose by rule made under that section a duty on salt manufactured in, or imported into, any part of British India, be construed as if, for the year beginning on the 1st day of April, 1941, they imposed such duty at the rate of one rupee and four annas per maund of eighty-two and two-sevenths pounds avoirdupois of salt manufactured in, or imported by land into, any such

XII of 1882.

part, and such duty shall, for all the purposes of the said Act, be deemed to have been imposed by rule made under that section.

Excise Duty on Matches.

3. For section 4 of the Matches (Excise Duty) Act, 1934, the following section shall be substituted, namely :— XVI of 1934.

" 4. The duty payable under section 3 shall be levied at the following rates, namely :—

(*a*) on matches in boxes or booklets containing on an average not more than eighty—

(*i*) if the average number is forty or less, at the rate of two rupees per gross of boxes or booklets,

(*ii*) if the average number is more than forty, but not more than sixty, at the rate of three rupees per gross of boxes or booklets, and

(*iii*) if the average number is more than sixty, at the rate of four rupees per gross of boxes or booklets ;

(*b*) on all other matches, at such rate as the Central Government may prescribe."

Excise Duty on Mechanical Lighters.

4. In section 3 of the Mechanical Lighters (Excise Duty) Act, 1934, for the words " one rupee and eight annas " the words " three rupees " shall be substituted. XXIII of 1934.

Import Duty on Artificial Silk Yarn and Thread.

5. In the First Schedule to the Indian Tariff Act, 1934, in Item No. 47 (2), for the entry " 25 per cent. *ad valorem* or 3 annas per lb., whichever is higher " in the fourth column the following entry shall be substituted, namely :— XXXII of 1934.

" 25 per cent. *ad valorem* or 5 annas per lb., whichever is higher ".

Inland Postage rates.

6. For the year beginning on the 1st day of April, 1941, the Schedule contained in the Schedule to this Act shall be inserted in the Indian Post Office Act, 1898, as the First Schedule to that Act. VI of 1898.

Income-tax and Super-tax.

7. (*1*) Subject to the provisions of sub-sections (*2*) and (*3*)—

(*a*) income-tax for the year beginning on the 1st day of April, 1941, shall be charged at the rates specified in Part I of Schedule II to the Indian Finance Act, 1939, increased in each case by a surcharge for the purposes of the Central Government amounting to one-third of each such rate ;

(*b*) rates of super-tax for the year beginning on the 1st day of April, 1941, shall, for the purposes of section 55 of the Indian Income-tax Act, 1922, be the rates specified in Part II of Schedule II to the Indian Finance Act, 1939, increased—

XI of 1922.

(*i*) in the case of the rate applicable to a company, by a surcharge amounting to one-third of that rate, and

(*ii*) in the case of every other rate, by a surcharge for the purposes of the Central Government amounting to one-third of each such rate ;

Provided that in the case of an association of persons being a co-operative society, other than the Sanikatta Saltowners' Society in the Bombay Presidency, for the time being registered under the Co-operative Societies Act, 1912, or under an Act of the Provincial Legislature governing the registration of Co-operative Societies, the rates of super-tax for the year beginning on the 1st day of April, 1941, shall be the rates of super-tax specified in the proviso to clause (*b*) of sub-section (*1*) of section 7 of the Indian Finance Act, 1940, increased in each case by a surcharge for the purposes of the Central Government amounting to one-third of each such rate.

II of 1912.

XVI of 1940.

(*2*) In making any assessment for the year ending on the 31st day of March, 1942,—

(*a*) where the total income of an assessee, not being a company, includes any income chargeable under the head " Salaries " or under the head " Interest on Securities " or any income from dividends in respect of which he is deemed under section 49B of the Indian Income-tax Act, 1922, to have paid income-tax imposed in British India, the income-tax payable by the assessee on that part of his total income which consists of such inclusions shall be an amount bearing to the total amount of income-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1940, read with sub-section (*1*) of section 3 of the Indian Finance (No. 2) Act, 1940, on his total income the same proportion as the amount of such inclusions bears to his total income ;

XI of 1922.

XVI of 1940.

(*b*) where the total income of an assessee, not being a company, includes any income chargeable under the head " Salaries " on which super-tax has been or might have been deducted under the provisions of sub-section (*2*) of section 18 of the Indian Income-tax Act, 1922, the super-tax payable by the assessee on that portion of his total income which consists of such inclusions shall be an amount bearing to the total

XI of 1922.

amount of super-tax payable according to the rates applicable under the operation of the Indian Finance Act, 1940, read with sub-section (*1*) of section 3 of the Indian Finance (No. 2) Act, 1940, on his total income the same proportion as the amount of such inclusions bears to his total income. XVI of 1940.

(*3*) In cases to which section 17 of the Indian Income-tax Act, 1922, applies, the tax chargeable shall be determined as provided in that section but with reference to the rates imposed by sub-section (*1*) of this section, and in accordance with the provisions of sub-section (*2*) of this section where applicable. XI of 1922.

(*4*) For the purposes of this section and of the rates of tax imposed thereby, the expression "total income" means total income as determined for the purposes of income-tax or super-tax, as the case may be, in accordance with the provisions of the Indian Income-tax Act, 1922. XI of 1922.

Continuance of and rate of Excess Profits Tax.

8. (*1*) In sub-clause (*a*) of clause (*6*) of section 2 of the Excess Profits Tax Act, 1940, for the words and figures "31st day of March, 1941," the words and figures "31st day of March, 1942," shall be substituted. XV of 1940.

(*2*) The excess profits tax imposed by section 4 of the Excess Profits Tax Act, 1940, shall, in respect of any chargeable accounting period beginning after the 31st day of March, 1941, be an amount equal to sixty-six and two-thirds per cent. of the amount by which the profits of the business during that chargeable accounting period exceed the standard profits. XV of 1940.

THE SCHEDULE I

Schedule to be inserted in the Indian Post Office Act, 1898.

[*See* Section 6.]

"THE FIRST SCHEDULE.

INLAND POSTAGE RATES.

[*See* Section 7.]

Letters.

For a weight not exceeding one tola	One and a quarter annas.
For every tola, or fraction thereof, exceeding one tola .	Half an anna.

Postcards.

Single	Nine pies.
Reply	One and a half annas.

Book, Pattern and Sample Packets.

For the first five tolas or fraction thereof . . .	Nine pies.
For every additional two and a half tolas, or fraction thereof, in excess of five tolas	Three pies.

Registered Newspapers.

For a weight not exceeding ten tolas	Quarter of an anna.
For a weight exceeding ten tolas and not exceeding twenty tolas	Half an anna.
For every twenty tolas, or fraction thereof, exceeding twenty tolas	Half an anna.
In the case of more than one copy of the same issue of a registered newspaper being carried in the same packet—	
For a weight not exceeding ten tolas . . .	Half an anna.
For every additional five tolas, or fraction thereof, in excess of ten tolas	Quarter of an anna.
Provided that such packet shall not be delivered at any addressee's residence but shall be given to a recognised agent at the post office.	

Parcels.

For a weight not exceeding forty tolas . . .	Four annas.
For every forty tolas, or fraction thereof, exceeding forty tolas	Four annas."

G. H. SPENCE,
Secretary to the Government of India.

GOVERNMENT OF INDIA

LEGISLATIVE DEPARTMENT

The following Act of the Indian Legislature received the assent of the Governor General on the 31st March, 1941, and is hereby promulgated for general information :—

ACT No. X OF 1941.

An Act to provide for the imposition and collection of an excise duty on tyres.

WHEREAS it is expedient to provide for the imposition and collection of an excise duty on tyres ;

It is hereby enacted as follows :—

Short title and extent.

1. (*1*) This Act may be called the Tyres (Excise Duty) Act, 1941.

(*2*) It extends to the whole of British India.

2. In this Act, unless there is anything repugnant in the subject or context,—

(*a*) " manufactory " means any premises wherein tyres are manufactured ;

(*b*) " owner " includes any person expressly or impliedly authorised by an owner of a manufactory to be his agent in respect of the manufactory ;

(*c*) " tyre " means a pneumatic tyre in the manufacture of which rubber is used, and includes the inner tube and the outer cover of such a tyre.

Imposition of and amount of duty.

3. (*1*) A duty of excise at the rate of ten per cent, on the value thereof shall be levied on all tyres manufactured in any manufactory in British India and issued out of such manufactory on or after the 1st day of April, 1941, and shall be payable by the owner of the manufactory.

(*2*) For the purposes of levying the duty imposed by sub-section (*1*) the Central Government may, by notification in the official Gazette, fix the values of tyres or of any class of tyres ; and where no such value has been fixed the value of a tyre shall be deemed to be the wholesale cash price, less trade discount, for which a tyre of the like kind and quality is sold or is capable of being sold by a manufactory without any abatement or deduction whatever except the amount of the excise duty payable on it at the time of issue out of the manufactory.

Recovery of duty with penalty.

4. (*1*) If any duty payable under section 3 is not paid within the time fixed by a notice issued in accordance with any rules made in this behalf under this Act, it shall be deemed to be an arrear, and the authority to which such duty is payable may, in lieu thereof, recover any sum, not exceeding double the amount of the duty unpaid, which such authority may in its discretion think it reasonable to require.

(*2*) An arrear of duty, or any sum recoverable in lieu thereof under this section, shall be recoverable as an arrear of land-revenue and shall be recoverable in addition to, and not in substitution for, any other penalty incurred under this Act.

Issue from manufactory.

5. (*1*) No person shall issue any tyres out of any manufactory except in accordance with the provisions of rules made under section 8 regulating such issue, or, until such rules are made, in accordance with the general or special orders of the Central Government.

(*2*) Whoever contravenes any such rule or order shall be punishable with fine which may extend to one thousand rupees or to a sum double the amount of the duty on any tyres issued in contravention of such rule or order, whichever is greater.

Application of the provisions of Act VIII of 1878 to the duty on tyres.

6. The Central Government may, by notification in the official Gazette, declare that any of the provisions of the Sea Customs Act, 1878, relating to the levy of and exemption from customs duties, drawback of duty, warehousing, offences, and penalties, confiscation and procedure relating to offences and appeals shall, with such modifications and alterations as it may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty imposed by sub-section (*1*) of section 3.

VIII of 1878.

Power of Central Government to Prohibit import.

7. The Central Government may, by notification in the official Gazette, prohibit absolutely, or with such exceptions as it thinks fit, the bringing of tyres into British India from the territory of any specified Indian State.

Power to make rules.

8. (1) The Central Government may, by notification in the official Gazette, make rules—

(*a*) imposing on owners of manufactories the duty of furnishing returns and keeping records and books, and prescribing the form of such returns, records and books and the particulars to be contained therein, and the manner in which the same are to be verified ;

(*b*) regulating the issue of tyres out of manufactories ;

(*c*) providing for the assessment and collection of the duty, the issue of notices requiring payment, the authority to whom the duty shall be payable and the recovery of arrears ;

(*d*) authorising and providing for the inspection of manufactories ; and

(*e*) generally for carrying into effect the provisions of this Act.

(*2*) Such rules may provide that any breach thereof shall be punishable with fine which may extend to five hundred rupees :

Provided that the breach of any rule made under clause (*b*) of sub-section (*1*) shall be punishable with the punishment provided for an offence against section 5.

G. H. SPENCE,
Secy. to the Govt. of India.

No. D.-2989-B.

GOVERNMENT OF INDIA.

FINANCE DEPARTMENT.

New Delhi, the 12th April 1941.

RESOLUTION.

The Statements* relating to the Revised Estimates for 1940-41 and the Budget Estimates for 1941-42, which were presented to the Legislative Assembly and the Council of State on the 28th February 1941 and accepted without any modifications, are now published, as usual, for general information.

C. E. JONES,
Secretary to the Government of India.

*The Railway and General Budget Statements as finally adopted have been printed on pages 12-19 of Part I and on pages 21-38 of Part II of this volume.

INTRODUCTORY NOTES.

1. Unless otherwise stated, the amounts given in these statements are in lakhs of rupees, and the expressions "last year", "current year" and "next year" stand for the financial years 1939-40, 1940-41 and 1941-42, respectively.

2. In the figures relating to previous years expenditure incurred in sterling has been converted into rupees at the average of the daily rates for telegraphic transfers in Calcutta on London throughout the year in question. The current year's sterling expenditure has been converted at the rate of 1*s.* 5 31/32*d.* on the basis of the actual rates during the first ten months of the year, but in accordance with the usual practice the budget estimates for 1941-42 are based on the standard rate of 1*s.* 6*d.*

3. The statements of revenue and expenditure are based on net figures, *i.e.*, the totals include only the net expenditure on the Defence Services, the net surplus or deficit of the Posts and Telegraphs Department, and the net contribution paid by the Railways to general revenues. Unless otherwise stated, however, the cost of collection is treated as expenditure and is not deducted from the figures given on the revenue side.

STATEMENT I.

Revenue Estimates.

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Customs	45,88	39,16	37,75	35,11
Central Excise Duties	6,52	10,14	8,50	12,10
Corporation Tax	2,38	5,30	4,47	12,62
Taxes on Income other than Corporation Tax	16,99	17,20	20,50	27,46
Salt	10,86	8,20	7,70	8,30
Opium	47	47	47	53
Interest	76	61	62	61
Civil Administration	1,07	1,05	1,13	1,13
Currency and Mint	1,28	1,25	2,17	2,21
Civil Works	30	33	31	28
Receipts from Indian States	61	62	63	63
Other sources of revenue	2,06	1,80	2,62	2,65
Posts and Telegraphs :—				
Net contribution to general revenues	89	37	1,02	1,40
Railways :—				
Net contribution to general revenues	4,33	5,31	9,96	10,18
Deduct :—				
Share of income tax revenue payable to Provinces	—2,79	—3,00	—4,16	—4,46
Total	91,61	88,81	93,69	1,10,75
Add :—				
Payments by Burma	2,96	2,92	2,25	2,25
Transfers from Revenue Reserve Fund	..	91	7,77	..
GRAND TOTAL	94,57	92,64	1,03,71	1,13,00

Notes on the revenue estimates.

Customs and Central Excise Duties.—The distribution of these estimates is shown in Statements II and III.

Corporation Tax.—As compared with the Budget Estimate of Rs. 5,30 lakhs for the current year, made up of Rs. 2,30 lakhs from ordinary collections and Rs. 3,00 lakhs from Excess Profits Tax, the Revised Estimate includes Rs. 2,57 lakhs on account of ordinary collections, Rs. 23 lakhs from the Central surcharge imposed last November and Rs. 1,67 lakhs on account of Excess Profits Tax receipts, five-sixths of which are estimated to relate to Companies. For next year ordinary collections have been taken at Rs. 2,56 lakhs, the yield of the 33⅓ per cent. Central surcharge at Rs. 90 lakhs and Excess Profits Tax of 66⅔ per cent. at Rs. 9,16 lakhs, making a total of Rs. 12,62 lakhs.

Taxes on Income other than Corporation Tax.—The Revised Estimate of Rs. 20,50 lakhs for the current year and the Budget Estimate of Rs. 27,46 lakhs for next year are made up as follows :—

	Revised, 1940-41.	Budget, 1941-42.
Ordinary collection	18,54	18,94
Surcharge	1,63	6,68
E. P. T.	33	1,84
	20,50	27,46

The share of income-tax revenue payable to the Provinces is calculated as follows :—

	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Total taxes on income other than corporation tax, excluding Central surcharge	17,20	18,87	20,36
Deduct :—			
Portion attributable to taxes on emoluments of officers serving under the Central Government and to centrally administered areas	1,55	1,80	1,91
Share of cost of collection	65	60	52
Balance	15,00	16,47	17,93
Deduct :—			
Amount to be retained by the Central Government	12,00	12,74	13,47
Amount payable to Provinces	3,00	3,73	4,46
Add :—			
Previous year's arrears	..	43	..
Total	3,00	4,16	4,46

Salt and Opium.—The distribution of these estimates is given in Statements IV and V.

Currency and Mint.—The main items are shown in Statement VI.

Other Sources of Revenue.—The Revised and Budget include Rs. 25 lakhs and Rs. 63 lakhs respectively on account of the premia received under the War Risks (Goods) Insurance Scheme the payment of which to the Insurance

Fund is provided on the expenditure side. Omitting this, there is an improvement of Rs. 57 lakhs in revised and Rs. 22 lakhs in budget. The former is due partly to a special credit of Rs. 11·5 lakhs on account of fees from the import of silver, and Rs. 10·81 lakhs on account of certain overpayments recovered from Burma while the balance of the increase is accounted for by larger revenue under Stamps, Forests, Stationery and Printing and Receipts connected with the War. The budget which does not include any special credit provides for less revenue under Stamps, Miscellaneous and Receipts connected with the War.

STATEMENT II.

Details of Customs Revenue.

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
SEA CUSTOMS—IMPORTS.				
I.—Revenue duties.				
Ale, beer, porter, cider and other fermented liquors	28·77	27·00	27·00	25·00
Spirits and liqueurs	1,55·25	1,25·00	1,40·00	1,25·00
Wines,	7·97	8·00	7·00	6·00
Spices	27·75	21·00	16·00	16·00
Tea	4·13	4·00	1·00	1·00
Tobacco	1,67·86	1,32·00	1,70·00	1,60·00
Kerosene oil	4,01·64	3,70·00	3,50·00	3,50·00
Motor spirit	6,15·79	6,90·00	5,90·00	5,40·00
Oils, batching, fuel and lubricating	45·68	40·00	48·00	40·00
Cotton, raw	1,05·31	1,00·00	1,20·00	1,00·00
Boots and shoes	2·84	2·00	1·00	1·00
Motor cars, cycles, scooters, omnibuses, chassis, vans, lorries and parts thereof	1,52·59	1,25·00	88·00	90·00
Electric lighting bulbs	13·07	13·00	11·00	10·00
Wireless reception instruments and apparatus	21·19	18·00	19·00	18·00
Dyes derived from coal-tar and coal-tar derivatives	28·16	22·00	40·00	25·00
Machinery	1,85·17	1,70·00	1,54·00	1,55·00
Iron and Steel	51·05	35·00	70·00	50·00
Silver bullion, coin, sheets, plates and other manufactures	1,48·67	35·00	24·00	24·00
Tin, block	11·42	8·00	7·00	6·00
Metals, other than iron and steel, silver and block tin	58·44	46·00	70·00	60·00
Railway plant and rolling stock	12·86	14·00	12·00	12·00
Artificial silk yarn and thread	72·46	40·00	85·00	1,16·00
Yarns and textile fabrics, others	67·09	60·00	63·00	60·00
Cinematograph films	14·79	14·00	11·00	11·00
Portland cement excluding white Portland cement	·72	1·00	·15	·15
Pneumatic rubber tyres and tubes	20·44	25·00	15·85	15 85
Toys, games and sports goods	15 80	15·00	10·00	10·00
Betelnuts	73·49	70·00	70·00	70 00
All other articles	8,99·99	8,10·00	9,10·00	8,25·00

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
SEA CUSTOMS—IMPORTS—*contd.*				
II.—Protective duties.				
Wheat and wheat flour	10·72	...	·03	·03
Broken rice	6·42	...	·06	·06
Sugar	3,96·08	1,65·00	20·00	20·00
Heavy chemicals	·06	·15	·15	·15
Iron and steel	44·13	39·85	39·76	39·76
Silver wire, thread and other manufactures	1·33	1·00	·27	·17
Paper and stationery	14·50	15·00	9·73	7·83
Raw silk	30·39	26·00	28·00	26·00
Silk yarn and thread	10·09	8·00	12·00	10·00
Cotton yarn and thread	32·92	28·00	22·00	20·00
Cotton fabrics of British manufacture	64·09	55·00	29·00	29·00
Cotton fabrics not of British manufacture	2,87·82	2,65·00	2,50 00	2,30·00
Silk fabrics	30·82	30·00	27·00	20·00
Cotton hosiery	6·37	6·00	6·00	5·00
Artificial silk fabrics	1,07·98	95·00	1,10·00	1,00·00
Fabrics of artificial silk mixed with other materials	14·12	12·00	12·00	12·00
Other textile manufactures	36·75	28·00	25·00	20·00
Matches, match splints and veneers	22·73	16·00	25·00	20·00
Wood pulp	5·59	5·00	4·00	3·00
TOTAL IMPORTS	45,42·30	38,35·00	37,50·00	34,85·00
SEA CUSTOMS—EXPORTS.				
Jute—				
Raw / Manufactured	3,94·84	4,20·00	3,40·00	3,60·00
Rice	11·77	10·00	11·00	10·00
Other agricultural produce	..	..	12·00	12·00
TOTAL EXPORTS	4,06·61	4,30·00	3,63·00	3,82·00
Land Customs	79·85	50·00	30·00	30·00
Miscellaneous	14·44	12·00	14·00	14·00
TOTAL GROSS REVENUE	50,43·20	43,27·00	41,57·00	39,11·00
Deduct—Refunds	*1,99·97*	*1,50·00*	*1,80·00*	*1,75 00*
Deduct—Share of Jute Export Duty assigned to Provinces	*2,55·62*	*2,61·00*	*2,02·00*	*2,25 00*
NET REVENUE	45,87·61	39,16·00	37,75·00	35,11·00

STATEMENT III.

Details of Revenue from Central Excise Duties.

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Motor spirit	1,12·75	1,50·00	1,85·00	1,90·00
Kerosene	50·38	60·00	70·00	70·00
Sugar	2,49·06	5,25·00	3,15·00	4,85·00
Matches	2,25·34	2,20·00	2,20·00	3,70·00
Steel ingots	41·86	45·00	50·00	50·00
Coal Cess	·57	24·00	24·00	24·00
Tyres	..	..	..	35·00
Miscellaneous	·10	..	..	..
	6,80·06	10,24·00	8,64·00	12,24·00
Deduct—				
Refunds	*27·56*	*10·00*	*14·00*	*14·00*
	6,52·50	10,14·00	8,50·00	12,10·00

STATEMENT IV.

Details of Salt Revenue.

	1939-40, Accounts.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
REVENUE.				
Sale of Government Salt	74·78	37·57	28·47	38·72
Excise duty on Salt manufactured locally	7,87·55	5,53·83	5,37·65	5,59·84
Duty on imported Salt	2,48·54	2,42·36	2.42·26	2.41·74
Other miscellaneous receipts	12·83	11·69	10·81	11·22
TOTAL RECEIPTS	11,23·70	8,45·45	8,19·19	8,51·52
Deduct—Refunds	37·82	*25·45*	*49·19*	*21·52*
NET REVENUE	10,85·88	8,20·00	7,70·00	8,30·00

The estimates are based on the following total consumption of duty-paid salt:—

	Maunds.
1939-40 (actuals)	5,53,48,000
1940-41 (budget)	5,20,00,000
1940-41 (revised)	5,30,00,000
1941-42 (budget)	5,00,00,000

STATEMENT V.

Details of Opium Revenue and Expenditure.

	1937-38.	1938-39.	1939-40.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
Medical opium .	·12	·11	·16	·14	.40	.40
Excise opium and miscellaneous (less refunds) . .	50·63	50·78	46·98	47·23	46.77	52.45
Total revenue (receipts less refunds)	50·75	50·89	47·14	47·37	47·17	52·85
Purchase of opium	17·61	19·39	16·37	17·10	16·00	17·29
Other charges .	6·87	6·17	7·56	7·97	7·37	9·71
Total expenditure	24·48	25·56	23·93	25·07	23·37	27·00
Net revenue .	26·27	25·33	23·21	22·30	23·80	25·85

NOTE.—Exports of provision opium to foreign countries ceased at the end of December 1935. Since then the revenue under this head has been derived solely from opium sold for consumption in India.

STATEMENT VI.

Details of Currency and Mint Receipts.

	1939-40, Actuals.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
(1) Surplus profits of the Reserve Bank (*a*)	4·69	23·53	19·32	1,36·40
(2) Profits from circulation of bronze and nickel coin (*b*)	95·33	69·86	1,65·50	45·00
(3) Other items (*c*)	27·64	31·00	32·04	40·04
	1,27·66	1,24·39	2,16·86	2,21·44

(*a*) The estimates provide for the adjustment of Rs. 1·22 lakhs in the current and Rs. 8·60 lakhs next year as Burma's share.

(*b*) The large increase in the absorption of small coin has continued unabated since the beginning of the war. From next year a fixed sum of Rs. 45 lakhs only will be taken to revenue as explained in the Budget Speech. The estimates provide for the adjustment of Rs. 14·67 lakhs in the current year and Rs. 15·12 lakhs next year on account of Burma's share.

(*c*) The increase in Budget is mainly in the profits of the Currency Note Press.

STATEMENT VII.

Expenditure Estimates. (*a*)

Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
1. Customs	82·84	82·89	83·18	89·88
2. Central Excise Duties	42·76	55·80	30·49	68·08
3. Taxes on Income including Corporation Tax	76·86	80·05	79·89	84·01
4. Salt	1,02·42	1,00·05	1,02·09	95·31
5. Opium	23·93	25·07	23·37	27·00
6. Provincial Excise	4·92	4·60	4·41	4·37
7. Stamps	20·38	24·57	29·73	27·32
8. Forest	8·25	9·48	8·55	9·73
9. Irrigation, Navigation, Embankment and Drainage Works (excluding Working Expenses)	9·16	10·74	9·55	9·63
10. Indian Posts and Telegraphs Department—				
Capital outlay charged to revenue	—·09	—·34	—1·13	·12
11. Interest on Debt and other Obligations and Reduction or Avoidance of Debt.	12,00·23	12,11·13	11,40·16	12,05·75
12. Executive Council	6·27	6·13	6·21	6·11
13. Council of State	1·19	1·46	1·35	1·39
14. Legislative Assembly and Legislative Assembly Department	7·27	8·77	8·57	8·69
15. Home Department	28·08	28·25	31·32	32·96
16. Legislative Department	6·08	5·48	5·05	5·73
17. Department of Education, Health and Lands	8·40	8·02	7·62	7·94
18. Finance Department	17·56	18·86	20·57	22·68
19. Commerce Department	6·31	6·69	8·28	9·17
20. Department of Labour	6·20	5·98	5·91	6·61
21. Department of Communications	3·36	3·22	3·24	3·48
22. Central Board of Revenue	7·47	7·32	7·24	7·53
23. India Office and High Commissioner's establishment charges	42·55	41·72	40·63	40·71
Carried over	17,12·40	17,45·94	16,56·28	17,74·20

(*a*) This statement differs from the Demands for Grants in the following respects:—

(1) Token demands and demands relating to capital expenditure not charged to revenue and the disbursement of loans and advances have been omitted.

(2) The amounts shown under "Irrigation" exclude working expenses since they have been taken in deduction of revenue in Statement I.

(3) Apart from capital outlay charged to revenue, the expenditure of the Posts and Telegraphs Department has been excluded since Statement I shows only the net contribution paid by the Department to general revenues.

(4) Capital expenditure of the Posts and Telegraphs Department has been taken net.

Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
Brought forward .	17,12·40	17,45·94	16,56·28	17,74·20
24. Payments to other Governments, Departments, etc. on account of the administration of Agency Subjects and management of Treasuries .	1·19	1·14	1·14	1·11
25. Audit	97·05	1,02·17	1,00·15	97·97
26. Administration of Justice . . .	3·86	3·97	4·03	3·90
27. Police	6·27	6·09	21·60	36·20
28. Ports and Pilotage	23·16	23·82	23·55	23·26
29. Lighthouses and Lightships . .	9·42	8·39	8·18	8·24
30. Survey of India	21·57	25·92	28·17	21·26
31. Botanical Survey	·64	·71	·74	·74
32. Zoological Survey	1·85	1·74	1·84	1·71
33. Geological Survey	4·35	4·36	4·69	4·76
34. Mines	2·36	2·43	2·45	2·55
35. Archæology	10·58	11·19	10·83	12·33
36. Meteorology	20·41	21·66	21·76	23·14
37. Other Scientific Departments . .	2·73	2·82	2·81	2·77
38. Education	6·54	6·39	6·46	7·13
39. Medical Services	9·44	10·82	9·42	10·64
40. Public Health	10·33	12·32	28·29	13·87
41. Agriculture	28·44	26·94	25·93	29·95
42. Imperial Council of Agricultural Research	8·64	8·50	11·62	17·45
43. Agricultural Marketing . . .	4·43	5·21	4·96	5·16
45. Civil Veterinary Services . . .	7·37	8·46	8·21	8·88
46. Industries	8·36	8·24	8·22	9·17
47. Scientific and Industrial Research .	..	..	3·54	9·29
48. Aviation	35·34	59·08	85·34	1,02·62
49. Broadcasting	25·47	28·91	29·77	50·04
Carried over .	20,62·20	21,37·22	21,09·98	22,78·34

Demand or Appropriation.	Actuals, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
Brought forward .	20,62·20	21,37·22	21,09·98	22,78·34
51. Indian Stores Department . .	21·67	22·21	20·28	16·89
52. Emigration—Internal . . .	·08	·13	·12	·25
53. Emigration—External . .	3·35	3·41	3·47	3·54
54. Commercial Intelligence and Statistics	7·81	8·20	8·15	8·94
55. Census	1·14	12·31	17·34	3·67
56. Joint Stock Companies . . .	1·56	1·60	1·58	1·70
57. Miscellaneous Departments . .	4·81	5·83	6·59	8·03
58. Currency	13·91	26·98	54·66	26·23
59. Mint	25·32	34·65	55·56	70·98
60. Civil Works	91·50	1,22·03	1,15·68	1,41·25
61. Central Road Fund	1,61·00	1,73·00	1,64·00	2,07·00
62. Superannuation Allowances and Pensions.	2,78·86	2,80·54	2,17·78	2,10·60
63. Stationery and Printing . .	53·86	37·99	45·87	34·02
64. Miscellaneous	13·69	24·34	57·38	30·29
65. Miscellaneous Adjustments between the Central and Provincial Governments.	1·55	1·62	1·47	1·47
66. Delhi	51·51	53·55	54·11	54·46
67. Ajmer-Merwara	51·60	36·85	59·75	23·66
68. Panth Piploda	·12	·12	·13	·13
69. Andaman and Nicobar Islands . .	37·59	38·88	41·76	44·55
70. Transfer to Revenue Reserve Fund .	7,77·16	..	..	..
Non-voted.				
Staff, Household and Allowances of the Governor General	*18·08*	*17·17*	*19·51*	*19·51*
Secretariat of the Governor-General .	*4·17*	*5·33*	*4·95*	*5·00*
Federal Public Service Commission .	*5·04*	*4·63*	*4·58*	*4·77*
Defence Department	*6·42*	*6·10*	*6·28*	*6·97*
Ecclesiastical	*30·23*	*31·17*	*29·60*	*6·67*
Payments to Crown Representative .	*1,41·05*	*1,39·14*	*1,39·75*	*1,37·09*
Tribal Areas	*1,88·59*	*2,01·80*	*2,18·09*	*2,36·46*
External Affairs	*69·56*	*67·38*	*68·89*	*66·64*
Grants-in-aid to Provincial Governments	*3,04·16*	*3,03·61*	*3,03·61*	*3,03·00*
Baluchistan	*60·46*	*72·27*	*68·88*	*73·73*
Defence Services (net) . .	*49,53·91*	*53,52·18*	*72,01·60*	*84,12·52*
Department of Supply . . .	*6·49*	*22·77*	*49·30*	*58·26*
Miscellaneous expenditure connected with the War	*8·32*	*14·24*	*61·70*	*1,88·04*
TOTAL .	*94,56·77*	*92,59·25*	*1,12,12·40*	*1,26,84·66*

Notes on Expenditure Estimates.

Customs.—Next year's increase is on account of larger payments to the Salt Department for services rendered and the provision of Rs. 3 lakhs for payment of compensation to the Janjira State under a recent Customs Agreement.

Central Excise Duties.—The decrease in revised is due to the decision to pay the States' share of the excise duty on matches in arrear in the following year, the payment in the current year being only the arrears carried over from last year. The budget provides Rs. 33 lakhs for payment to the States and Rs. 24 lakhs for payment to the Coal Mines Stowing Board on account of the net proceeds of the excise duty on coal and coke realised this year.

Taxes on Income.—The increase in budget is on account of the setting up of the Income Tax Tribunal, the creation of a special branch at Calcutta and additional expenditure on the collection of Excess Profits Tax.

Salt.—The decrease in budget is due to less expenditure anticipated on manufacture and larger recoveries from the Customs Department for services rendered.

Opium.—The budget provides for the replacement of the existing machinery at the Ghazipur Opium Factory and increased expenditure at Neemuch.

Stamps.—Additional stores had to be bought in the current year to meet increased requirements and to maintain an adequate reserve.

Forest.—Additional expenditure is to be incurred on the Paper Pulp section of the Forest Research Institute.

Interest.—The details are given in Statement VIII.

Home Department.—The revised and budget provide for the increase in officers and staff of the Public Information Bureau and the Intelligence Bureau and for the training of I. C. S. probationers in India.

Finance Department.—The increase in revised and budget is due to the expansion of the Military Finance Branch.

Commerce Department.—The increase in revised and budget is due to the appointment of Import and Export Trade Controllers which was not foreseen when the current year's budget was framed.

Audit.—The reduction in the budget is due to the transfer of the office of the Controller of Supply Accounts to the Defence Services estimates and the deputation of a large number of officers to other departments.

Police.—The expenditure on additional police required as a result of the war has been heavier than originally anticipated. A provision of Rs. 5 lakhs has been made in revised and Rs. 15 lakhs in budget for grants to Provincial Governments in connection with the training of Civic Guards.

Survey of India.—The increase in the revised is due to the expansion of the Mathematical Instrument Office to meet increased war demands, larger expenditure on the Map Publication Office and the purchase of additional stores. The budget provides for the normal requirements of the department and takes credit for the recoveries from other departments and Governments for the services rendered.

Archaeology.—The budget provides a grant of Rs. 1,75,000 for repairs to the Badshahi Mosque at Lahore.

Meteorology.—The increase in budget is due to additional expenditure on equipment and weather telegrams and payments to the Posts and Telegraphs Department and expansion of the Upper Air Office, Delhi.

Education.—The budget provides for a grant of Rs. 50,000 to the Indian Women's University and Rs. 25,000 to the Viswabharathi University.

Medical Services.—The increase in budget is due to the appointment of an additional Deputy Director-General, two Directors of Production and a Chief Advisory Chemist and additional staff to cope with the additional work due to the war. Provision has also been made for a Drugs Technical Advisory Board and for the conversion of the Bio-Chemical Standardisation Laboratory into a Control Drugs Laboratory.

Public Health.—The revised includes Rs. 15 lakhs for the purchase of a reserve stock of quinine. A grant of Rs. 2 lakhs to the Indian Tuberculosis Association is provided this year and a further grant of Rs. 1,45,000 next year.

Agriculture.—The decrease in revised is mainly due to smaller provision for payment to the Sugar Excise Fund owing to reduced receipts from the excise duty on sugar. The budget provides for payments on a normal scale and for a special grant of Rs. 1,95,000 to the Indian Central Jute Committee for the extension of their Research Laboratories. Increased provision has also been made in the budget for Locust Control measures.

Imperial Council of Agricultural Research.—The revised and budget provide Rs. 8 lakhs and Rs. 14 lakhs respectively for payment to the Council of the net proceeds of the cess on agricultural produce against the block grant of Rs. 5 lakhs provided in the current year's budget.

Industries.—The budget provides Rs. 1 lakh for grants for the development of cottage and small scale woollen industries.

Scientific and Industrial Research.—The estimates provide for the expenditure of the newly constituted Board of Scientific and Industrial Research and of the Industrial Research Bureau transferred to this grant from the grant of the Indian Stores Department.

Aviation.—The revised and the budget provide Rs. 27 lakhs and Rs. 33 lakhs respectively for training of personnel for the Air Force Reserve. The budget provides for a block grant of Rs. 35 lakhs for the development of civil aviation against Rs. 25 lakhs in the revised as well as for additional expenditure on the normal running of the department in war time.

Broadcasting.—The budget provides for a block grant of Rs. 17 lakhs for development. There is also additional expenditure for the cost of the expanded services over a full year.

Indian Stores Department.—The reduction in the budget is mainly due to the transfer of the Industrial Research Bureau to the grant for Scientific and Industrial Research.

Commercial Intelligence and Statistics.—Budget provides for the new Trade Commissioner in Australia.

Census.—The increase in revised is due to printing and stationery charges not provided in the budget. Provision has been made in next year's budget for the completion of enumeration.

Miscellaneous Departments.—Provision has been made for a new post of Assistant Superintendent of Insurance, increased expenditure in the Explosives Department and the newly created Trade Marks Registry. The revised includes expenditure of Rs. 53,000 on certain enquiries under the Trades Disputes Act not provided in the budget.

Currency.—Stores to a larger extent than originally anticipated had to be bought to meet the demands on the Currency Note Press and for maintaining an adequate reserve in war time. The revised includes Rs. 16 lakhs and the budget Rs. 10 lakhs on account of the cost of one rupee note forms.

Mint.—The increase in revised is due to increased demand for coinage which turned out to be much heavier than anticipated, and the reopening of the Assay Office in Calcutta. The budget provides for coinage on approximately the same scale as in the current year and for a full year's expenditure on the Calcutta Assay Office. Additional provision has also been made for the replacement of plant and machinery at the Bombay Mint to enable it to cope with heavy demands.

Civil Works.—The reduction in revised is mainly due to slower progress on the new Custom House Building at Calcutta. The budget provides Rs. 44·5 lakhs for major works, new and in progress, including Rs. 20 lakhs for a new mint at Calcutta, and for additional expenditure on the hiring of accommodation for the Supply Department at Calcutta.

Central Road Fund.—In addition to the amount based on the estimated receipts from the duties on motor spirit the revised includes a payment of Rs. 9·3 lakhs on account of arrears of last year and the budget an *ad hoc* grant of Rs. 60 lakhs for the Quetta-Multan Road.

Superannuation Allowances and Pensions.—The revised takes credit for the amount recovered from Burma which is to be adjusted in reduction of expenditure instead of as revenue as originally intended. The further reduction in budget is mainly due to less expenditure in England.

Stationery and Printing.—Larger stocks of paper and stores were purchased in the current year to meet growing demands and to lay in a reserve at favourable prices. The budget provides for normal requirements and takes credit for increased recoveries from paying departments for work done for them.

Miscellaneous.—The increase in revised is mainly due to additional provision of Rs. 28·5 lakhs for A. R. P. expenditure and Rs. 10·5 lakhs for the net loss on exchange on debt and remittance transactions. The budget includes Rs. 13·4 lakhs for expenditure on A. R. P. and Rs. 1·5 lakhs for a subsidy to the shipping lines carrying pilgrims for the Haj.

Ajmere-Merwara.—The large increase in revised is due to additional expenditure on famine relief. As the relief works are being closed down no provision is being made for the coming year.

Andamans and Nicobars.—The increase in revised and budget is due to additional expenditure on transport between India and the Islands and the exploitation of the forests to meet the increased demand for timber for war purposes. The budget provides Rs. 1·26 lakhs for the construction of a Forest Tramway.

Ecclesiastical.—The reduction in the budget is due to a larger share of expenditure being borne by Defence Services and Railways under the revised scheme of allocation of ecclesiastical expenditure which will take effect from the 1st April 1941.

Payments to Crown Representative.—The decrease in budget is mainly due to reduced payments to Provincial Governments for Railway Police.

Tribal Areas.—The increase in revised is due to the embodiment of additional platoons of Frontier Constabulary and Tribal Levies owing to the disturbed conditions on the frontier and increased expenditure on the Assam Rifles. The budget next year includes an additional grant of Rs. 15 lakhs to the Fund for Frontier Development and provides for increased expenditure on buildings and communications.

External Affairs.—The reduction in budget is mainly due to the smaller contribution towards the expenses of the League of Nations.

Baluchistan.—The saving in the revised is mainly due to less expenditure on the reconstruction of Quetta. The increase in budget as compared with the revised is mainly due to larger provision for Civil Works. Provision has also been made in the budget for new settlement operations at a cost of Rs. 1·5 lakhs.

Defence Services.—See Statement XVIII.

Department of Supply.—The Department has expanded considerably to cope with the increased demand for war supplies. The revised includes a special provision of Rs. 12·44 lakhs for the purchase of a reserve stock of wattle bark and for expenditure on a scheme of flax cultivation in Bengal and Bihar.

Miscellaneous Expenditure connected with the War.—The revised includes Rs. 25 lakhs and the budget Rs. 63 lakhs for payment of the premia collected under the War Risks (Goods) Insurance Scheme which is first taken to revenue, as credit to the Insurance Fund. Omitting this amount the increase in the revised and the next year's budget over the current year's budget is mainly due to the following additional expenditure :—

(In Rs. lakhs.)

	Revised.	Budget.
Eastern Group Conference and Ministry of Supply Mission	5·67	..
National Service Labour Tribunals	·90	1·48
Parole Camps	1·43	8·02
Aliens Advisory Committee	·24	..
Training of skilled artisans	7·21	92·78
Foreign Branch	..	1·57
Film Advisory Board	..	3·22
Payments to Provincial Governments	·17	·25
Deoli Detention Camp	1·39	1·75

STATEMENT VIII.

Interest Payments.

	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
GROSS PAYMENTS.				
A.—Interest on Ordinary Debt—				
(*i*) Rupee Debt—				
(*a*) Management of debt	8·73	8·85	9·10	9·70
(*b*) Expenditure connected with the issue of new loans	..	..	6·50	7·00
(*c*) Discount and premium written off to revenue	78·29	66·10	66·10	51·41
(*d*) Interest on temporary loans	1,07·77	1,14·19	62·57	60·50
(*e*) Interest on all other loans	16,62·90	16,29·36	17,60·00	22,75·00
(*f*) Other items	1·34	·15	·15	·15
(*ii*) Sterling Debt—				
(*a*) Interest on loans contracted in England	12,99·07	12,82·26	11,81·52	7,44·72
(*b*) Interest on railway annuities	1,71·77	1,61·95	1,61·95	1,51·76
(*c*) Interest on outstanding liabilities of railway companies taken over on purchase	1,13·43	1,13·43	1,13·43	1,13·43
(*d*) Management of debt	11·79	11·78	11·05	10·70
(*e*) Other items	48·71	53·39	51·79	54·57
Exchange	6·66	..	2·64	..
Total	35,10·46	34,41·46	34,26·80	34,78·94
B.—Interest on Unfunded Debt and other Obligations—				
Bonus on Post Office Cash Certificates	1,73·41	1,75·00	1,52·00	1,25·00
Post Office Savings Bank Deposits	1,15·55	1,17·09	1,02·50	89·50
State Provident Funds	2,81·21	2,92·64	2,91·47	3,01·92
Service Funds	22·09	20·78	20·76	20·25
Railway Depreciation Fund	1,27·48	1,47·24	1,46·32	1,63·73
Railway Reserve Fund	..	6·50	8·09	19·14
Posts and Telegraphs Renewals Reserve Fund	9·06	8·79	8·69	8·33
Other items	1,15·54	1,16·74	99·71	1,03·77
Total	8,44·34	8,84·78	8,29·54	8,31·64
Gross payments	43,54·80	43,26·24	42,56·34	43,10·58
C.—Transfers—				
Deduct—Amounts transferred to—				
Railways	28,13·15	27,84·53	27,75·83	27,62·93
Irrigation	7·27	7·13	7·10	6·98
Posts and Telegraphs	73·69	69·65	80·03	90·06
Commutation of Pensions	23·70	22·91	22·83	21·37
Other heads	6·50	6·68	6·76	7·17
Provincial Governments	5,30·26	5,24·21	5,23·63	5,16·32
Total deductions	34,54·57	34,15·11	34,16·18	34,04·83
Net interest payments	9,00·23	9,11·13	8,40·16	9,05·75

NOTE.—The rates assumed for the calculation of interest chargeable on the capital outlay of the commercial departments and for the payment of interest on depreciation and reserve fund balances are 4·43 per cent. for 1940-41 and 4·31 per cent. for 1941-42

STATEMENT IX.

Post Office Cash Certificates.

Year.	Total amount outstanding at close of year.	Total payments on account of bonus.	Amount provided from current revenues.	Amount transferred to (+) or from (—) Cash Certificates Bonus Fund.
1928-29 . . .	32,30	60	60	..
1929-30 . . .	35,00	73	73	..
1930-31 . . .	38,43	1,59	2,00	+41
1931-32 . . .	44,58	1,84	2,06	+22
1932-33 . . .	55,64	94	2,20	+1,26
1933-34 . . .	63,71	1,93	2,60	+67
1934-35 . . .	65,96	2,57	3,30	+73
1935-36 . . .	65,98	4,88	4,05	—83
1936-37 . . .	64,40	5,55	4,25	—1,30
1937-38 . . .	60,21	5,46	4,31	—1,15
1938-39 . . .	59,57	3,35	3,35	..
1939-40 . . .	57,03	1,74	1,73	—1
1940-41 (budget) . .	55,44	1,75	1,75	..
1940-41 (revised) . .	47,03	1,52	1,52	..
1941-42 (budget) . .	41,03	1,25	1,25	..

NOTE.—From 1930-31 to 1936-37 the provision made in the budget was based not on the amount actually payable on account of bonus on maturing certificates but on the interest accruing during the year on all the certificates outstanding. Until 1934-35 the amount accruing was greater than the amount payable, and the difference was transferred to the Cash Certificates Bonus Fund. In the three following years, however, the position was reversed owing to heavy maturities of certificates issued at high rates of interest. There is at present no balance in the Cash Certificate Bonus Fund. The payments in the current and ensuing years are expected to be approximately the same as the accruing bonus.

STATEMENT X.

Grants-in-aid to Provincial Governments.

	1939-40, Actuals.	1940-41, Budget.	1940-41, Revised.	1941-42, Budget.
United Provinces	25·00	25·00	25·00	25·00
Assam	30·00	30·00	30·00	30·00
North-West Frontier Province .	1,00·00	1,00·00	1,00·00	1,00·00
Orissa	43·00	43·00	43·00	43·00
Sind	1,05·00	1,05·00	1,05·00	1,05·00
Coorg	1·16	·61	..	..
	3,04·16	3,03·61	3,03·00	3,03·00

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STATEMENT XI.

Distribution of Expenditure between Voted and Non-voted.

	Budget, 1940-41.				Budget, 1941-42			
	Voted.	Non-voted.	Total.	Percentage of voted to total	Voted.	Non-voted.	Total.	Percentage of voted to total.
Expenditure charged to revenue	1,00,80	1,14,56	2,15,36	46·8	1,03,91	1,41,35	2,45,26	42·4
Expenditure not charged to revenue	4,53	8	4,61	98·3	9,39	6	9,45	99·4
Total .	1,05,33	1,14,64	2,19,97	47·9	1,13,30	1,41,41	2,54,71	44·5

NOTE.—The figures given in this statement include the working expenses of the Railways, Posts and Telegraphs and Irrigation Departments.

STATEMENT XII.

Ways and Means Estimates.

	Budget, 1940-41.			Revised, 1940-41.			Budget, 1941-42.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Excess of Revenue over Expenditure	30,04	—29,99	5	16,43	—24,85	—8,42	6,01	—19,86	—13,85
New Loan.	...	...	..	53,40	..	53,40	34,50	...	34,50
Treasury Bills issued (net)	—8,00	...	—8,00	8,00	.	8,00	—11,50	..	—11,50
Ways and Means Advances	...	..	...	20,00	..	20,00	—20,00	..	—20,00
Post Office Cash Certificates (net)	—1,50	...	—1,50	—10,00	...	—10,00	—6,00	...	—6,00
Defence Savings Certificates	...	...	...	2,34	..	2,34	3,50	..	3,50
Post Office Savings Bank Deposits (net)	3,17	...	3,17	—19,00	.	—19,00	2,00	..	2,00
Other Unfunded Debt (net)	3,51	—9	3,42	3,00	—9	2,91	3,92	—9	3,83
Discount Sinking Fund	66	49	1,15	69	49	1,15	52	51	1,03
Reduction or Avoidance of Debt	3,00	...	3,00	3,00	...	3,00	3,00	...	3,00
Railway Depreciation Fund	5,66	..	5,66	4,38	...	4,38	5,88	...	5,88
Railway Reserve Fund	2,99	...	2,99	3,64	.	3,64	1,65	...	1,65
Posts and Telegraphs Renewals Reserve Fund	..	...	...	—4	.	—4	—2	...	—2
Telephone Development Fund	—14	..	—14	—36	.	—36	—20	...	—20
Repayments of loans by Provinces	1,27	...	1,27	1,93	..	1,93	2,14	...	2,14
Defence Modernisation Fund	—5,40	5,40	...	..	...	.	..	...	...
Revenue Reserve Fund	—91	...	—91	—7,77	.	—7,77	..	...	...
Other Deposits and Advances (net)	—15,06	17,57	2,51	—73,18	36,01	—37,17	—60,08	71,68	11,60
TOTAL	19,29	—6,62	12,67	6,43	11,56	17,99	—34,68	52,24	17,56
Opening Balance	7,84	75	8,59	15,87	75	16,62	7,89	67	8,56
GRAND TOTAL	27,13	—5,87	21,26	22,30	12,31	34,61	—26,79	52,91	26,12
Capital Outlay—									
Railways	2,65	1,60	4,25	—79	3,08	2,29	2,18	6,57	8,75
Posts and Telegraphs	8	1	9	4,78	3	4,81	47	...	47
Civil	16	...	16	15	..	15	11	...	11
Commutation of Pensions	—26	13	—13	—29	7	—22	—25	9	—16
Discharge of Permanent Debt	—3,41	6,74	3,33	—87,61	1,09,87	22,36	2,57	11,24	13,81
Civil Aviation	—2	...	—2	—5	...	—5	—5	...	—5
Economic development and Improvement of rural areas	31	...	31	21	...	21	21	...	21
Broadcasting	5	...	5	3	...	3	5	...	5
Development in tribal areas in the N. W. F. P.	—12	...	—12	—12	...	—12	—28	...	—28
Loans to public (net)	—13	...	—13	—50	...	—50	—56	...	—56
Payments to Reserve Bank for Surplus Silver	5,00	...	5,00	—2,00	...	—2,00	—5,00	...	—5,00
Transfers through Reserve Bank (net)	15,10	—15,10	...	99,38	—1,01,41	—2,03	—34,34	34,34	...
Advances to Provincial Governments	...	...	...	1,12	...	1,12	42	...	42
TOTAL	19,41	—6,62	12,79	14,41	11,64	26,05	—34,47	52,24	17,77
Closing Balance	7,72	75	8,47	7,89	67	8,56	7,68	67	8,35
GRAND TOTAL	27,13	—5,87	21,26	22,30	12,31	34,61	—26,79	52,91	26,12

STATEMENT XIII.

Distribution of Revenue and Expenditure.

Year.	Tax Revenue. (a)	Cost of Collection.	Net Tax Revenue.	Net Revenue from Commercial Departments.	Opium (receipts *less* expenditure).	Currency and Mint (receipts *less* expenditure).	Interest Receipts.	Extraordinary Receipts.	Other Revenue.	Total Net Revenue.	Interest on Debt.	Reduction or Avoidance of Debt.	Extraordinary Payments.	Defence Expenditure (net).	Other Expenditure.	Net Capital Outlay of Commercial Departments (Posts and Telegraphs and Irrigation) charged to Revenue.	Total Net Expenditure.	Surplus +, Deficit —.
1928-29	74,77	3,14	71,63	4,52	2,72	2,17	2,60	30	3,11	87,25	10,20	5,42	—73	55,10	17,42	16	87,57	—32
1929-30	74,99	3,25	71,74	5,24	2,55	2,00	4,40	1,89	3,36	91,20	10,85	5,74	...	55,10	19,11	13	90,93	+27
1930-31	69,76	3,22	66,54	4,03	1,79	27	3,39	99	3,13	80,14	11,28	6,14	16	54,30	19,69	15	91,72	—11,58
1931-32	72,58	3,06	69,52	—1,00	1,28	1,03	2,41	21	3,85	77,29	12,83	6,89	3	51,76	18,03	—50	89,04	—11,75
1932-33	79,91	3,17	76,74	—45	6	1,65	1,88	2	2,94	82,84	11,61	6,84	16	46,74	15,89	5	81,29	+1,55
1933-34	72,97	3,31	69,66	—56	88	74	1,63	36	3,72	75,43	9,29	3,00	(b)2,19	44,42	15,85	5	74,80	+63
1934-35	78,08	3,51	74,57	33	37	75	2,01	...	2,72	80,75	10,25	3,00	(c)2,55	44,34	19,92	3	80,39	+36
1935-36	77,35	3,64	73,71	—4	27	75	87	...	2,78	78,29	10,50	3,00	(d)2,72	44,98	17,08	1	78,29	...
1936-37	74,96	3,77	71,19	—1	19	81	40	1	3,12	75,71	9,56	3,00	19	45,45	19,26	4	77,50	—1,79
1937-38	73,14	3,29	69,85	3,25	26	38	59	3,93	2,93	81,19	12,48	2,52	3	47,35	18,77	4	81,19	...
1938-39	2,84	3,75	68,59	1,47	25	22	74	4,06	3,16	78,49	11,12	3,00	1	46,18	18,78	4	79,13	—64
1939-40	79,06	3,40	75,66	5,14	23	88	76	3.16	3,00	88,83	9,00	3,00	7,95	49,54	19,34	...	88,83	...
1940-41 (budget) . . .	76,11	3,58	72,53	5,58	22	63	61	4,03	2,76	86.36	9,11	3,00	41	53,52	20,27	...	86,31	+5
1940-41 (revised) . . .	74,01	3,40	70,61	10,88	24	1,07	62	10,58	3,23	97,23	8,40	3,00	1,15	72,02	21,09	—1	1,05,65	—8,42
1941-42 (budget) . . .	89,94	3,81	86,13	11,50	26	1.24	61	3,06	2,98	1,05,78	9,06	3,00	2,49	84,13	20,95	...	1,19,63	—13,85

(*a*) Excludes share of additional revenue from import and excise duties on motor spirit payable to Road Development Fund from 1928-29.
(*b*) Includes 2,09 transferred to the Bihar Earthquake Fund
(*c*) Includes 2,82 transferred to the Rural Development Fund.
(*d*) Includes 1,84 transferred to the Revenue Reserve Fund, 45 for buildings in Orissa and Sind, and 43 for expenditure in connection with the Quetta earthquake.

STATEMENT XIV.

Analysis of Tax Revenue, included in Statement XIII.

Year.	Revenue from Customs.	Revenue from Central Excise Duties.	Cost of Collection (a).	Revenue from Taxes on Income including Corporation Tax.	Cost of Collection.	Revenue from Salt.	Cost of Collection.	Other Tax Revenue.	Cost of Collection.	Total gross Tax Revenue.	Transfers to Central Road Fund.	Tax Revenue retained by Central Government.	Total Cost of Collection.	Total net Tax Revenue.
1928-29 . . .	49,28		*94*	16,70	*69*	7,60	*1,23*	1,24	*28*	74,82	5	74,77	*3,14*	71,63
1929-30 . . .	51,28		*97*	16,71	*72*	6,76	*1,27*	1,22	*29*	75,97	98	74,99	*3,25*	71,74
1930-31 . . .	46,81		*93*	16,00	*75*	6,83	*1.26*	1,10	*28*	70,74	98	69,76	*3,22*	66,54
1931-32 . . .	46,44		*90*	17,49	*74*	8,58	*1,16*	1,09	*26*	73,60	1.02	72,58	*3,06*	69,52
1932-33 . .	51,95		*93*	17,97	*78*	10,07	*1,12*	94	*34*	80,93	1,02	79,91	*3,17*	76,74
1933-34 . . .	47,16		*99*	17,13	*82*	8,86	*1,15*	90	*35*	74,05	1,08	72,97	*3,31*	69,66
1934-35 . . .	52,67		*1,11*	17,55	*85*	8,00	*1,15*	1,05	*40*	79,27	1,19	78 08	*3,51*	74,57
1935-36 . . .	52,25		*1,17*	17,07	*91*	8,43	*1,19*	89	*37*	78,64	1,29	77,35	*3,64*	73,71
1936-37 . . .	51,45		*1,42*	15,34	*89*	8,81	*1,08*	82	*38*	76,42	1,46	74,96	*3,77*	71,19
1937-38	43,11	7,66	*1,18*	4,58	*75*	8,39	*1,06*	81	*30*	74,55	1,41	73,14	*3,29*	69,85
1938-39 . . .	40,51	8,66	*1,65*	15,78	*76*	8,12	*1,04*	83	*30*	73,90	1,56	72,34	*3,75*	68,59
1939-40 . . .	45,88	6,52	*1,26*	16,58	*77*	10,86	*1,02*	83	*35*	80,67	1,61	79,06	*3,40*	75,66
1940-41 (budget) .	39,16	10,14	*1,39*	19,50	*80*	8,20	*99*	84	*40*	77,84	1,73	76,11	*3,58*	72,53
1940-41 (revised) .	37,75	8,50	*1,14*	20,81	*80*	7,70	*1,01*	89	*45*	75,65	1,64	74,01	*3,40*	70,61
1941-42 (budget) .	35,11	12,10	*1,58*	35,62	*84*	8,30	*95*	88	*44*	92,01	2,07	89,94	*3,81*	86,13

(a) Figures from 1938-39 include the amount payable to the Indian States in respect of match excise revenue.

STATEMENT XV.

Analysis of Interest Payments, included in Statement XIII.

Year.	Interest on Ordinary Debt.	Interest on unfunded debt and other obligations.									Amounts transferred to						Total Interest payments (net).
		Bonus on Cash Certificates.	Post Office Savings Bank.	State Provident Funds.	Service Funds.	Railway Reserve Fund.	Railway Depreciation Fund.	P. & T. Renewals Reserve Fund.	Other items.	Total interest on unfunded debt and other obligations.	Railways.	Irrigation.	Posts and Telegraphs.	Provinces.	Other heads.	Total transfers.	
1928-29 . .	38,70	60	98	2,38	10	65	41	5	1,00	6,17	27,82	12	70	5,88	15	34,67	10,20
1929-30 . .	40,34	73	1,03	2,54	12	74	53	7	1,07	6,83	29,09	12	73	6,20	18	36,32	10,85
1930-31 . .	41,67	2,00	1,05	2.93	13	58	74	11	1,14	8,68	31,34	13	84	6,55	21	39,07	11,28
1931-32 .	44,57	2,06	1,08	3.10	12	14	79	13	1,01	8,43	31,76	13	79	7,25	24	40,17	12,83
1932-33 . .	43,56	2,20	1,15	3.38	13	..	73	14	1,00	8,73	31,57	2	83	8,01	25	40,68	11,61
1933-34 . .	40,17	2,60	1,29	3,77	13	.	57	15	1.12	9,63	31,29	3	86	8,07	26	40,51	9,29
1934-35 . .	39,25	3,30	1,35	3,90	13	..	48	16	1,12	10,44	30,57	3	85	7,91	8	39,44	10,25
1935-36 . .	38,27	4,05	1,51	3,99	13	..	48	15	1,15	11,46	30,18	3	81	7,92	29	39,23	10,50
1936-37 . .	35,90	4,25	1,46	4,04	72	..	62	15	1,19	12,43	29,62	8	79	7,97	31	38,77	9,56
1937-38 .	35,46	4,31	1,46	2,62	68	..	81	14	1,12	11,14	28,08	8	72	4,93	31	34,12	12,48
1938-39 . .	35,57	3,35	1,42	2,71	43	..	1,03	9	1,14	10,17	28,15	7	74	5,35	31	34,62	11,12
1939-40 .	35,11	1,73	1,16	2,81	22	..	1,27	9	1,16	8,44	28,13	7	74	5,31	30	34,55	9,00
1940-41 (budget) .	34,41	1,75	1,17	2,93	21	6	1,47	9	1,17	8,85	27,85	7	70	5,24	29	34,15	9,11
1940-41 (revised) .	34,27	1,52	1,02	2,91	21	8	1,46	9	1,00	8,29	27,76	7	80	5.24	29	34,16	8,40
1941-42 (budget) .	34,79	1,25	90	3,02	20	19	1,64	8	1,04	8,32	27,63	7	90	5,16	29	34,05	9,06

STATEMENT XVI.

Analysis of 'Other expenditure' included in Statement XIII.

Year.	Forest Expenditure.	Civil Administration.	Famine.	Pensions, Superannuation Allowances, etc.	Stationery and Printing.	Miscellaneous.	Total.	Commutation of Pensions.	Civil Works.	Salt and other capital outlay charged to revenue.	Grants-in-aid, Subventions to Provinces, etc.	Total.
1928-29	33	11,44	..	2,73	56	73	4,02	4	1,55	4	..	17,42
1929-30	35	12,66	..	2,98	55	88	4,41	4	1,60	5	..	19,11
1930-31	36	13,34	..	2,88	55	81	4,24	6	1,65	4	..	19,69
1931-32	32	12,17	..	2,99	58	74	4,31	3	1,19	1	..	18,03
1932-33	23	9,69	..	3,05	35	72	4,12	11	75	3	96	15,89
1933-34	19	9,54	..	3,24	35	64	4,23	—2	90	1	1,00	15,85
1934-35	19	11,10	..	3,41	36	60	4,37	3	(a)1,23	2	2,98	19,92
1935-36	20	10,59	..	3,07	35	79	4,21	—2	90	1	1,19	17,08
1936-37	19	11,27	..	2,89	40	61	3,90	5	1,06	1	2,78	19,26
1937-38	20	10,44	..	2,83	43	58	3,84	7	1,09	—3	3,16	18,77
1938-39	23	10,90		2,82	53	27	3,62	1	96	..	3,06	18,78
1939-40	22	11,12	34	2,80	54	19	3,87	—1	1,08	..	3,06	19,34
1940-41 (budget)	24	11,81	16	2,80	38	32	3,66	..	1,50	1	3,05	20,27
1940-41 (revised)	24	12,73	38	2,08	46	65	3,57	10	1,39	1	3,05	21,09
1941-42 (budget)	28	13,11	..	2,09	34	37	2,80	2	1,69	..	3,05	20,95

(a) Includes a special grant of 40 for road development.

STATEMENT XVII.

Analysis of Expenditure on 'Civil Administration' included in Statement XVI.

Year.	General Administration.	Audit.	Administration of Justice.	Jails and Convict Settlements.	Police.	Ports and Pilotage.	Lighthouses and Lightships.	Ecclesiastical.	Political.	Payments to Crown Representative.	Tribal Areas.	External Affairs.	Scientific Departments.	Education.	Medical.	Public Health.	Agriculture.	Veterinary.	Co-operation.	Industries.	Broadcasting.	Aviation.	Indian Stores Department.	Miscellaneous Departments.	Total.
1928-29 .	1,88	97	15	35	74	29	..	32	1,58	..	2,54	..	93	45	31	19	30	..	..	7	..	5	19	13	11,44
1929-30 .	2,25	1,02	15	42	76	25	14	32	1,62	..	2,69	..	94	52	32	21	46	..	..	3	..	20	21	15	12,66
1930-31 .	2,13	1,03	15	48	93	26	12	32	1,96	..	2,78	..	93	62	32	19	48	..	..	3	..	23	9	29	13,34
1931-32 .	1,98	1,01	16	39	88	26	11	30	1,64	..	2,39	..	86	62	30	17	35	..	..	2	..	20	9	44	12,17
1932-33 .	1,53	94	9	25	55	22	10	29	1,45	..	2,18	.	67	35	22	13	30	..	..	2	..	10	10	20	9,89
1933-34 .	1,54	98	8	24	54	23	10	29	1,36	..	2,16	..	66	30	23	13	29	..	..	2	..	13	9	17	9,54
1934-35 .	1,61	1,01	7	22	52	23	10	29	1,65(a)	..	2,11	.	70	29	24	16	33	..	..	4	..	1,07(b)	8	(c)38	11,10
1935-36 .	1,70	1,08	6	23	36	24	10	29	..	1,08	2,47	63	69	24	20	16	36	7	1	7	5	17	21	12	10,59
1936-37 .	1,81	1,09	7	24	33	27	10	30	..	1,17	2,66	62	74	24	22	20	38	7	1	8	9	22	22	14	11,27
1937-38 .	1,67	99	8	24	31	26	9	27	..	1,05	2,15	57	68	24	24	21	47	9	1	8	14	22	23	15	10,44
1938-39 .	1,87	99	10	24	29	27	9	30	..	1,26	1,99	64	67	24	22	14	52	8	1	8	21	30	23	16	10.90
1939-40 .	1,94	97	10	29	34	23	9	30	..	1,41	1,89	70	65	24	22	13	43	8	1	9	25	35	22	19	11,12
1940-41 (budget)	1,94	1,02	10	29	35	24	8	31	..	1,39	2,02	67	71	27	23	16	42	10	1	8	29	59	22	32	11,81
1940-41 (revised)	2,00	1,00	10	31	51	23	8	30	..	1,40	2,18	69	73	27	23	32	44	9	1	12	30	85	20	37	12,73
1941-42 (budget)	2,08	98	9	33	67	23	8	7	..	1,37	2,36	67	69	28	24	17	54	10	1	19	50	1,03	17	26	13,11

(a) Includes 25 for development of tribal areas on the North-West Frontier.
(b) Includes 93 for development of Civil Aviation.
(c) Includes 20 for development of Broadcasting.

STATEMENT XVIII.

Analysis of Defence Service Receipts and Expenditure.

	Accounts, 1939-40.	Budget,* 1940-41.	Revised, 1940-41.	Budget, 1941-42
	Rs	Rs.	Rs	Rs
EXPENDITURE.				
58.—Defence Services—Effective.				
1. Normal cost of Defence Services—Effective .	(a) 36,76,63,000	(a)36,76,63,000	(a) 36,76,63,000	(a) 36,76,63,000
2. Lump provision for increase in prices . . .	1,18,95,587	(a)2,60,00,000	2,52,78,000	3,54,88,000
3. War Emergency 1939 .	3,60,85,534	6,59,18,000	24,67,79,000	35,39,64,000
Total	41,56,44,121	45,35,81,000	63,97,20,000	75,71,15,000
59.—Defence Services—Non-Effective.				
1. Army	8,59,81,953	8,47,81,000	8,74,14,000	8,73,28,000
2. Air Forces . .	77,073	3,19,000	3,22,000	3,19,000
3. Royal Indian Navy .	9,39,575	10,14,000	8,97,000	9,04,000
Total .	8,69,98,601	8,61,14,000	8,86,33,000	8,85,51,000
60.—Transfers to or from Defence Reserve Fund .	..	..	..	..
Total Expenditure .	50,26,42,722	53,96,95,000	72,83,53,000	84,56,66,000
RECEIPTS.				
XLVII.—Defence Services—Effective . . .	9,28,438	..	36,97,000	..
XLVIII.—Defence Services—Non-Effective . .	63,23,150	44,77,000	44,96,000	44,14,000
Total Receipts . .	72,51,588	44,77,000	81,93,000	44,14,000
Net Expenditure .	49,53,91,134	53,52,18,000	72,01,60,000	84,12,52,000

(a) Net lump sum provision.

* The details do not agree with those given in the Budget Statement, as the figures have been recast in a different form.

STATEMENT

Posts and

	Post Office.				Telegraphs.			
	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.
Gross Receipts—								
(i) Postage and Message Revenue	7,11,47	7,17,68	7,33,21	7,83,15	2,20,22	2,01,04	2,25,88	2,24,94
(ii) Miscellaneous Revenue .	1,20,34	1,18,91	1,25,78	1,28,40	63,18	65,75	61,91	61,11
Total .	8,31,81	8,36,59	8,58,99	9,11,55	2,83,40	2,66,79	2,87,79	2,86,05
Expenditure—								
Working Expenses . . .	7,03,88	7,30,69	7,16,23	7,23,19	91,58	95,58	91,79	93,30
(Abstracts J. K. L. & M.)—								
C. General Administration .	6.58	6,42	6,47	6,47	9,13	10,50	7,70	8,68
D. Account and Audit	16,78	17,06	18,59	19,69	6,80	6,80	7,26	7,23
E. Control-Circle offices .	24,64	25,72	25,51	25,63	6,78	7,07	6,86	6,87
F. Engineering Expenses .	...	...	...	..	35,14	37,09	36,50	36,83
G. Pensionary charges . .	86,48	87,48	86,04	89,26	24,88	25,27	24,16	25,14
H. Stamps, Postcards, Printing and Stationery	28,39	30,21	31,03	31,21	3,52	3,87	4,04	4,12
I. Maintenance of Assets, including Petty Works . . .	5,38	8,36	7,83	11,67	12,79	16,20	16,19	15,73
N. Contribution to Renewals Reserve Fund	2,31	2,31	2,31	2,50	13,83	13,83	13,83	15,00
S. Repayment of losses . .	..	..	...	...	8,50	...	..	...
Interbranch Adjustments . .	—42,83	—42,86	—41,65	—41,55	+32,02	+32,07	+30,82	+30,72
O. Deduct credits to working expenses	64,40	64,18	49,59	53,00	8,74	6,79	7,20	8,35
Net Working Expenses .	7,67,21	8,01,21	8,02,77	8,15,07	2,36,23	2,41,49	2,31,86	2,35,27
Ne Receipts . . .	64,60	35,38	56,22	96,48	47,17	25,30	55,93	50,78
Expenditure charged to Revenue—								
Interest	10,93	8,49	8,42	8,01	47,19	46,78	46,17	46,15
Net Profit (+) or loss (—) . .	+53,67	+26,89	+47,80	+88,47	—2	—21,48	+9,76	+4,63
Capital outlay charged to Revenue —Postal	2,37	53	53	1,20	..	..	...	...
Capital outlay not charged to Revenue	..	..	.	.	15,29	10,59	(a) 14,26	(b) 53,01

(a) Includes 2,57 for outlay on trunk lines

(b) Includes 3,60 for outlay on trunk lines

(c) Includes 4,75,00 for purchase of shares

(d) The entire amount is for Telephone projects

(e) The figure is net, *i.e.*, including credit to capital on account of sale or abandonment of assets Manufacture Suspense Accounts', —1,17 on account of Extraordinary Receipts on Capital Account and

(f) Figures are *net*, *i.e.*, including

(g) The figure is net, *i.e.*, including credit to capital on account of sale or abandonment of assets manufacture suspense accounts and 19,82 met from

XIX.

Telegraphs.

Telephones.				Radios.				Total.			
Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42.	Accounts, 1939-40.	Budget, 1940-41.	Revised, 1940-41.	Budget, 1941-42
...	...	...	...	2,35	1,66	2,90	2,60	9,34,04	9,20,38	9,61,99	10,10,69
1,21,41	1,19,49	1,29,90	1,37,71	9,55	10,98	10,42	11,49	3,14,48	3,15,13	3,28,01	3,38,71
1,21,41	1,19,49	1,29,90	1,37,71	11,90	12,64	13,32	14,09	12,48,52	12,35,51	12,90,00	13,49,40
24,37	25,29	25,84	27,39	6,37	6,38	6,50	6,57	8,26,20	8,57,94	8,40,36	8,50,45
8,32	7,84	10,76	8,40	1,63	1,59	2,12	1,64	25,66	26,35	27,05	25,19
1,10	1,20	1,14	1,15	36	36	37	37	25,04	25,42	27,36	28,44
1,22	1,27	1,33	1,40	26	28	27	27	32,90	34,34	33,97	34,17
8,61	9,31	9,12	9,08	1,20	1,64	1,53	1,53	44,95	48,04	47,15	47,44
5,15	5,24	5,37	5,71	1,17	1,19	1,17	1,34	1,17,68	1,19,18	1,16,74	1,21,45
85	72	94	97	19	20	22	22	32,95	35,00	36,23	36,52
9,51	10,00	13,48	12,25	91	1,55	1,50	1,63	28,59	36,11	39,00	41,28
5,76	5,76	5,76	6,25	1,15	1,15	1,15	1,25	23,05	23,05	23,05	25,00
...	...	...	...	...	...	...	...	8,50	...		
+13,33	+13,40	+13,31	+13,31	—2,52	—2,61	—2,48	—2,48	...	...		
6,25	4,29	14,32	7,52	87	1,38	1,02	1,20	80,26	76,64	72,22	70,07
71,97	75,74	72,73	78,39	9,85	10,35	11,33	11,14	10,85,26	11,28,79	11,18,69	11,39,87
49,44	43,75	57,17	59,32	2,05	2,29	1,99	2,95	1,63,26	1,06,72	1,71,31	2,09,53
13,98	12,68	13,33	13,72	1,57	1,68	1,57	1,70	73,67	69,63	69,49	69,58
+35,46	+31,07	+43,84	+45,60	+48	+61	+42	+1,25	+89,59	+37,09	+1,01,82	+139,95
...	...	...	...	...	...	...	.	—9	—34	(f) —1,13	(f) 12
15,00	11,60	(c) 5,08,51	(d) 16,22	2,17	4,01	1,58	4,35	32,46	26,07	(e) 5,16,79	(g) 66,48

to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

of the Government Telephones Board Ltd. and 33,44 for telephone projects to be met from Telephone Development Fund.

to be met from Telephone Development Fund.

and includes 2,92 on account of difference between opening and closing balances under 'Store and 5,11 01 met from Telephone Development Fund.

credit to Capital on account of sale or abandonment of assets

and includes 40,00 on account of difference between opening and closing balances under stores and Telephone Development Fund.

STATEMENT XX.

Interest-bearing obligations of the Government of India.

(In crores of rupees.)

	1936-37.	1937-38.	1938-39.	1939-40.	1940-41 Revised Estimate.	1941-42. Budget Estimate.
In India—						
PUBLIC DEBT.						
Loans	437·33	438·40	417·79	450·23	591·14	623·07
Treasury Bills and Ways Means Advances	28·54	38·01	46·30	54·70	82·70	51·20
Total—Public Debt.	465 87	476·41	464·09	504·93	673·84	674·27
UNFUNDED DEBT.						
Service Funds	1·11	1·07	1·03	·97	·93	·82
Post Office Savings Bank	74·68	77·55	81·88	78·32	59·32	61·32
Post Office Cash Certificates	64·40	60·21	59·57	57 03	47·03	41·03
State Provident Funds	70·62	69·68	72·40	75·22	77 80	81·28
Other items	9·12	9·65	10·25	10·70	13·50	17·46
Total—Unfunded Debt	219 93	218·16	225·13	222·24	198·58	201·91
DEPOSITS.						
Depreciation Reserve Funds	19·82	22·78	27·82	33·47	41·48	49·03
Provincial Balance	1·00	..	..	..	..	..
Total—Deposits	20·82	22·78	27·82	33·47	41·48	49·03
Total—Obligations in India	706·62	717·35	717·04	760·64	913·90	925·21
In England—						
PUBLIC DEBT.						
Loans	400·96	396·75	396·50	373·46	266·49	258·26
War Contribution	22·29	20·62	20·62	20·62	20·62	20·62
Capital portion of Annuities created in purchase of Railways	53·15	50·52	47·82	45·02	42 11	39·11
Total—Public Debt	476·40	467·89	464·94	439·10	329·22	317·99
UNFUNDED DEBT.						
Service Funds	16·67	11·92	4·18	4·12	4·03	3·94
Total—Obligations in England	493·07	479·81	469·12	443·22	333·25	321·93
Grand Total	1,199·69	1,197·16	1,186·16	1,203·86	1,247·15	1,247·14

NOTES.

(*a*) The outstandings at the end of each year are shown in the statement.
(*b*) Sterling obligations have been converted into Rupees at 1*s*. 6*d*. the rupee.

GIPD—S3—70 FD—30-10-41—375.